

200746-5

IN THE SUPREME COURT OF THE STATE OF WASHINGTON

In re

James J. Conlin,

Lawyer (Bar No. 20931).

Supreme Court No.

ASSOCIATION'S PETITION
FOR INTERIM SUSPENSION
(ELC 7.2(a)(3))

Under Rule 7.2(a)(3) of the Rules for Enforcement of Lawyer Conduct (ELC), the Washington State Bar Association (Association) petitions this Court for an order of interim suspension of Respondent James J. Conlin pending cooperation with the disciplinary investigation.

This petition is based on the Declaration of Disciplinary Counsel Scott G. Busby (Busby Declaration) and on the Declaration of Audit Manager Rita Swanson (Swanson Declaration), filed with this Petition.

I. STATEMENT OF FACTS

This petition is based on Respondent's failure to comply with requests for records in two separate investigations: WSBA File No 09-00378 (the Connelly grievance) and WSBA File No 09-00424 (the WSBA grievance).

A. FILE NO. 09-00378 (THE CONNELLY GRIEVANCE)

On March 6, 2009, the Association received a grievance against Respondent by Rick Connelly.¹ Connelly is a representative of Empire

¹ Busby Declaration at ¶ 1.

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STATE OF WASHINGTON
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Business Brokers of Washington (Empire). Empire represented Marc Hall in the sale of Hall's business, Protect-A-Cover, Inc., to Orlo Willis. Respondent acted as the escrow agent.

According to Hall,² the closing took place on October 1, 2008. Respondent, as escrow agent, received a check from the buyer in the amount of \$50,000. Out of those funds, Respondent was to pay off the amount owing on a line of credit that Hall held with Citibank, N.A. The amount owing was approximately \$13,870 and was secured by a lien against Protect-A-Cover's business property.

In late October 2008, Hall learned that his line of credit had not been paid off. Hall contacted Respondent, who told him there had been a "miscommunication" when he tried to transfer the funds from his lawyer trust account to Citibank. Respondent told Hall that he would make the October interest payment to Citibank and then pay off the line of credit as agreed.

By December 2008, Respondent had still not paid off the line of credit, although he had made monthly interest payments on Hall's behalf in October, November, and December. Hall told Respondent that Protect-A-Cover, Inc. would cease to exist because he had not renewed the

² A written statement by Hall was submitted with the grievance. In addition, Hall was interviewed by the Association's investigator on May 27, 2009. *Id.* at ¶ 2.

corporate license. Respondent told Hall that, even though he had sold the business, it was necessary to renew the corporate license to maintain the Citibank line of credit. Respondent renewed Protect-A-Cover's corporate license on Hall's behalf.

Respondent continued making monthly interest payments on Hall's behalf. In March 2009, Hall told Respondent that he had to renew the line of credit every April, but could not do so since he no longer owned Protect-A-Cover. In April 2009, Respondent finally paid all but \$62 of the outstanding balance on the Citibank line of credit. Hall paid the remaining \$62 himself.

Meanwhile, on March 6, 2009 the Association received a grievance against Respondent by Connelly.³ On March 16, 2009, a copy of the grievance was sent to Respondent with a request for a written response under ELC 5.3(e) by March 20, 2009.⁴ As of April 14, 2009, Respondent had not provided a response.⁵ On that date, Respondent was sent a "ten-day letter" under ELC 5.3(f)(1) directing him to file a written response by April 27, 2009.⁶ On April 27, 2009, Respondent submitted a one-page response in which he stated that he had "inadvertently

³ Id. at ¶ 1.

⁴ Id. at ¶ 3.

⁵ Id. at ¶ 4.

⁶ Id. at ¶ 5.

misdirected” the money that he was to pay to Citibank on Hall’s behalf.⁷ Respondent did not explain how those funds had been “inadvertently misdirected.” He said that he would pay Hall the remaining \$62 as soon as he could.

On May 20, 2009, Respondent was served with a subpoena under ELC 5.5 commanding him to produce documents at a deposition on June 11, 2009.⁸ The documents specified in the subpoena were:

1. Your complete file(s) and whatever documents may be in your possession or control relating to Protect-A-Cover, Inc., Marc F. Hall, and/or Orlo Willis.

2. All financial records relating to any funds received or disbursed in connection with Protect-A-Cover, Inc., Marc F. Hall, and/or Orlo Willis. This includes, but is not limited to, the following: (a) bank statements, (b) copies of deposit slips and deposited items (front and back), (c) cancelled checks (front and back) and wire transfer records, (d) individual client ledger records, (e) copies of statements and/or accountings to clients or third parties showing the disbursement of funds to them or on their behalf, and (f) copies of invoices, bills or other documents supporting all disbursements or transfers.

3. All of the required trust account records described in Rule 1.15B(a) of the Rules of Professional Conduct relating to Protect-A-Cover, Inc., Marc F. Hall, and/or Orlo Willis.

In light of the facts developed thus far in the investigation, those documents were necessary to determine whether Respondent had properly

⁷ Id. at ¶ 6.

⁸ Id. at ¶ 7.

safeguarded the escrow funds that he held in connection with the sale of Protect-A-Cover. See Rule 1.15A of the Rules of Professional Conduct (RPC).

On the afternoon of June 10, 2009, Respondent requested a postponement of the deposition.⁹ Respondent and Disciplinary Counsel agreed to postpone the deposition until June 24, 2009.

On the afternoon of June 23, 2009, Respondent requested a second postponement of the deposition.¹⁰ Respondent said that he did not have his “paperwork together” and that he had no excuse. Respondent and Disciplinary Counsel agreed to postpone the deposition until July 8, 2009.

On July 8, 2009, Respondent came to the deposition but produced no documents.¹¹ Respondent testified that he had looked for his file relating to Protect-A-Cover that morning, but it wasn’t where he thought it was.¹² Respondent testified that some of his financial and trust account records relating to Protect-A-Cover were in his computer, but he had not produced them because he wanted to balance them and “get them prepared.”¹³ Respondent testified that he had not produced any bank statements because he had just learned the day before that his lawyer trust

⁹ Id. at ¶ 8.

¹⁰ Id. at ¶ 9.

¹¹ Id. at ¶ 10.

¹² Id., EX H at 7-9.

¹³ Id., EX H at 18-19.

account statements had not been sent to him for several months due to a “mistake” by his bank.¹⁴ Respondent testified that his lawyer trust account was the only bank account that he maintained.¹⁵ Respondent testified that he could produce most of the documents specified in the subpoena “today or tomorrow.”¹⁶

On July 9, 2009, Respondent sent Disciplinary Counsel a one page document entitled “Transactions Report.”¹⁷ To date, this is the only document Respondent has ever produced in response to the subpoena.

On July 10, 2009, Respondent sent Disciplinary Counsel a fax stating that he would produce his file relating to Protect-A-Cover and his bank statements “by Monday.”¹⁸ He stated that certain other documents were “en route” from his bank and would be forwarded to Disciplinary Counsel as soon as Respondent received them. To date, not one of these documents has ever been produced.

On July 13, 2009, Respondent was sent a “ten-day letter” under ELC 5.3(f)(1) directing him to produce all the documents described in the subpoena within ten days.¹⁹ Respondent was notified that his failure to do

¹⁴ Id., EX H at 18-19.

¹⁵ Id., EX H at 11-12.

¹⁶ Id., EX H at 68.

¹⁷ Id. at ¶ 11.

¹⁸ Id. at ¶ 12.

¹⁹ Id. at ¶ 13.

so might subject him to interim suspension under ELC 7.2. A return receipt signed by Respondent shows that he received the letter on July 14, 2009.

Respondent did not respond.²⁰ To date, the one-page “transactions report” is the only document that Respondent has ever produced.

B. FILE NO. 09-00424 (THE WSBA GRIEVANCE)

On March 9, 2009, the Association received notification from Respondent’s bank that Respondent’s lawyer trust account was overdrawn.²¹ See ELC 15.4(a), 15.4(b). On March 16, 2009, a copy of the trust account overdraft notice was sent to Respondent with a request for a complete explanation of the overdraft along with supporting documentation by March 30, 2009.²² See ELC 15.4(d).

As of April 24, 2009, Respondent had not provided a response.²³ On that date, Respondent was sent a “ten-day letter” under ELC 5.3(f)(1) directing him to file a written response by May 7, 2009.²⁴ On May 7, 2009, Respondent submitted a one-page response with no supporting documentation in which he stated that the overdraft occurred because he

²⁰ Id. at ¶ 14.

²¹ Id. at ¶ 15.

²² Id. at ¶ 16.

²³ Id. at ¶ 17.

²⁴ Id. at ¶ 18.

had “transposed digits” on a fee that he withdrew.²⁵

On May 19, 2009, the Association’s audit manager, Rita Swanson, sent Respondent a request for certain supporting documentation by June 2, 2009.²⁶ The documents requested were:

1. Bank statements;
2. Bank reconciliations;
3. Check register;
4. Client ledgers;
5. Client ledger reconciliations;
6. A copy of a closing statement referenced in Respondent’s May 7, 2009 response; and
7. A copy of the check with the transposed digits referenced in Respondent’s May 7, 2009 response.

All of the records requested are trust account records that Respondent is required to maintain under RPC 1.15B.

On June 1, 2009, Swanson telephoned Respondent and asked him whether he had looked at the letter.²⁷ Respondent said he had not opened it. Swanson told Respondent that she had requested the records by June 2, 2009. She asked Respondent to read the letter and to call her the next day

²⁵ Id. at ¶ 19.

²⁶ Swanson Declaration at ¶ 1.

²⁷ Id. at ¶ 2.

and tell her when he could provide the requested records. Respondent did not call.

As of June 25, 2009, Respondent had not provided any response to the May 19, 2009 request for supporting documentation.²⁸ On that date, Respondent was sent a “ten-day letter” under ELC 5.3(f)(1) directing him to provide the requested documentation by July 8, 2009.²⁹ Respondent was notified that his failure to do so might subject him to interim suspension under ELC 7.2. A return receipt signed by Respondent shows that he received the letter on June 26, 2009.

On July 8, 2009, as described above, Respondent came to his deposition in WSBA File No. 09-00378, the Connelly grievance. At the deposition, Respondent was reminded again that he had not yet provided any of the documentation that Swanson had requested on May 19, 2009.³⁰ As of this date, he has still not provided any.³¹

II. ARGUMENT

The lawyer discipline system is meant to protect the public and preserve confidence in the legal system. In re Disciplinary Proceeding Against McMurray, 99 Wn.2d 920, 930, 655 P.2d 1352 (1983). Given the

²⁸ Busby Declaration at ¶ 20.

²⁹ Id. at ¶ 21.

³⁰ Id., EX H at 61-66.

³¹ Id. at ¶ 22.

limited resources available for the investigation of alleged or apparent lawyer misconduct, “such investigations depend upon the cooperation of attorneys.” Id. at 931; In re Disciplinary Proceeding Against Clark, 99 Wn.2d 702, 707, 663 P.2d 1339 (1983). Under ELC 5.3(e), a lawyer must furnish copies of requested records, files, and accounts, and comply with discovery under ELC 5.5.

Compliance with these rules is “vital” to the lawyer discipline system. Clark, 99 Wn.2d at 707. Unless lawyers comply with their duty to cooperate, “the system fails and public confidence in the legal profession is undermined.” Id. Under ELC 7.2(a)(3),³² a lawyer may be immediately suspended from the practice of law if he fails without good cause to comply with a request under ELC 5.3(f) for information or documents.

The facts described above raise serious questions about whether Respondent has properly safeguarded the property of clients and third parties his possession, and about whether he has maintained his lawyer

³² ELC 7.2(a)(3) provides:

Failure to Cooperate with Investigation. When any lawyer fails without good cause to comply with a request under rule 5.3(f) for information or documents, or with a subpoena issued under rule 5.3(f), or fails to comply with disability proceedings as specified in rule 8.2(d), disciplinary counsel may petition the Court for an order suspending the lawyer pending compliance with the request or subpoena. If the lawyer complies with the request or subpoena, the lawyer may petition the Court to terminate the suspension on terms the Court deems appropriate.

trust account in compliance with the RPC. Respondent has repeatedly failed to provide the documentation needed to answer those questions. He has been notified not once but twice under ELC 5.3(f)(1) that his continued failure to cooperate might subject him to interim suspension under ELC 7.2. Having shown no good cause for his failure to cooperate, Respondent should be suspended under ELC 7.2(a)(3) pending full compliance with the subpoena issued in the Connelly grievance and the request for documentation issued in the WSBA grievance.

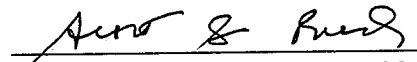
III. CONCLUSION

Respondent's failure to cooperate in two disciplinary investigations is an ongoing violation of ELC 5.3. Accordingly, the Association asks the Court to issue an order to show cause under ELC 7.2(b)(2) requiring Respondent James J. Conlin to appear before the Court on such date as the Chief Justice may set, and to show cause why this petition for interim suspension should not be granted.

DATED THIS 16th day of October, 2009.

Respectfully submitted,

WASHINGTON STATE BAR ASSOCIATION



Scott G. Busby, Bar No. 17522
Disciplinary Counsel
1325 4th Avenue, Suite 600
Seattle, WA 98101-2539
(206) 733-5998

200746-5

IN THE SUPREME COURT OF THE STATE OF WASHINGTON

In re

James J. Conlin,
Lawyer (Bar No. 20931).

Supreme Court No.

DECLARATION OF AUDIT
MANAGER RITA SWANSON

I, Rita Swanson, declare and state:

I am the Washington State Bar Association Audit Manager. This declaration is submitted in support of the Association's Petition for Interim Suspension of Respondent James J. Conlin.

1. Between May 7, 2009 and May 19, 2009, I reviewed Respondent's one-page response to the Association's request for a complete explanation of Respondent's trust account overdraft. On May 19, 2009, I sent Respondent a request for certain supporting documentation by June 2, 2009. A copy of that request is attached as Exhibit A.

2. On June 1, 2009, I telephoned Respondent and asked him whether he had looked at the letter. Respondent told me that he had not opened it. I told Respondent that I had requested the records by June 2, 2009. I asked Respondent to read the letter and to call me back the next day and tell me when he could provide the requested records. Respondent did not call me back.

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I certify under penalty of perjury under the laws of the
State of Washington that the foregoing is true and correct.

10/14/09 Seattle, WA
Date & Place

Rita Swanson
Rita Swanson No. 17522
Audit Manager

EXHIBIT A



WSBA

Rita Swanson, CPA
Audit Manager

direct line: 206-727-8242
fax: 206-727-8325
e-mail: ritas@wsba.org

May 19, 2009

James J. Conlin
Attorney at Law
1307 Norpoint Way NE
Tacoma, WA 98422-3034

RE: Trust Account Overdraft
WSBA File No. 09-00424

Dear Mr. Conlin:

I reviewed your response of May 7, 2009 regarding the overdraft of your trust account. Please provide the following additional information for the trust account with Key Bank account # ending in 6229:

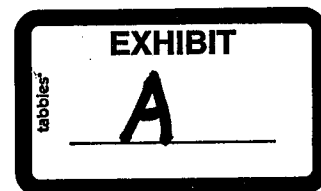
For September, October, November, December 2008 and January, February, March and April, 2009:

1. Bank statements
2. Bank reconciliations
3. Check register
4. Client ledgers
5. Client ledger reconciliations
6. In your letter of May 7, 2009, you mentioned a closing regarding the sale of client property. Please provide a copy of the closing statement, along with the accounting provided to the client related to the distribution of the funds held in the trust account.
7. You also mentioned in the May 7, 2009 letter that you transposed digits on the last fee that you withdrew related to the client funds held in trust. Please provide a copy of the check with the transposed amount. Please identify the client, to the related client ledger (as requested in item #4). If there is no ledger, please so state.

Please provide the information requested, so that I receive it no later than June 2, 2009. If you have any questions, please contact me.

Sincerely,

Rita Swanson, CPA
Audit Manager



Working Together to Champion Justice

IN THE SUPREME COURT OF THE STATE OF WASHINGTON

In re

James J. Conlin,
Lawyer (Bar No. 20931).

Supreme Court No.

DECLARATION OF
DISCIPLINARY COUNSEL
SCOTT G. BUSBY

I, Scott G. Busby, declare and state:

I am the disciplinary counsel assigned to the investigation of two grievances against Respondent James J. Conlin. Those two grievances will be referred to herein as the "Connelly grievance" (WSBA File No. 09-00378) and the "WSBA grievance" (WSBA File No. 09-00424). This declaration is submitted in support of the Association's Petition for Interim Suspension under Rule 7.2(b)(1) of the Rules for Enforcement of Lawyer Conduct (ELC).

THE CONNELLY GRIVANCE

1. On March 6, 2009, the Association received a grievance against Respondent by Rick Connelly. A copy of that grievance is attached as Exhibit A.

2. A written statement by Marc Hall was submitted with the Connelly grievance. Mr. Hall was interviewed by the Association's investigator on May 27, 2009.

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CLERK

3. On March 16, 2009, a copy of the Connelly grievance was sent to Respondent with a request for a written response under ELC 5.3(e) within two weeks. A copy of the transmittal letter is attached as Exhibit B.

4. As of April 14, 2009, Respondent had not provided a response.

5. On April 14, 2009, Respondent was sent a "ten-day letter" under ELC 5.3(f)(1) directing Respondent to file a written response by April 27, 2009. A copy of that letter is attached as Exhibit C.

6. On April 27, 2009, Respondent submitted a one-page response in which he stated that he had "inadvertently misdirected" the money that he was to pay to Citibank on Hall's behalf. A copy of that response is attached as Exhibit D.

7. On May 20, 2009, Respondent was served with a subpoena under ELC 5.5 commanding him to produce documents at a deposition on June 11, 2009. Copies of the subpoena, the cover letter, and the affidavit of service are attached as Exhibit E.

8. On the afternoon of June 10, 2009, Respondent telephoned me and requested a postponement of the deposition. Respondent and I agreed to postpone the deposition until June 24, 2009. A copy of my confirming letter is attached as Exhibit F.

9. On the afternoon of June 23, 2009, Respondent telephoned me and requested a second postponement of the deposition. Respondent said that he did not have his "paperwork together" and that he had no excuse. Respondent and I agreed to postpone the deposition until July 8, 2009. A copy of my confirming letter is attached as Exhibit G.

10. On July 8, 2009, Respondent came to the deposition but produced no documents. A copy of the deposition transcript is attached as Exhibit H.

11. On July 9, 2009, I received a one page document entitled "Transactions Report." A redacted copy of this document is attached as Exhibit I. To date, this is the only document Respondent has ever produced in response to the subpoena.

12. On July 10, 2009, I received a fax from Respondent. A copy of that fax is attached as Exhibit J. To date, not one of the documents referenced in the fax has ever been produced.

13. On July 13, 2009, I sent Respondent a "ten-day letter" under ELC 5.3(f)(1) directing him to produce all the documents described in the subpoena within ten days. A copy of that letter, along with a return receipt signed by Respondent, is attached as Exhibit K.

14. Respondent did not respond, and to date the one-page "transactions report" is the only document that Respondent has ever produced in response to the subpoena.

THE WSBA GRIEVANCE

15. On March 9, 2009, the Association received notification from Respondent's bank that Respondent's lawyer trust account was overdrawn. A redacted copy of the notification is attached as Exhibit L.

16. On March 16, 2009, a copy of the trust account overdraft notice was sent to Respondent with a request for a complete explanation of the overdraft along with supporting documentation within two weeks. A copy of the request is attached as Exhibit M.

17. As of April 24, 2009, Respondent had not provided a response.

18. On April 24, 2009, Respondent was sent a "ten-day letter" under ELC 5.3(f)(1) directing him to file a written response by May 7, 2009. A copy of the letter is attached as Exhibit N.

19. On May 7, 2009, Respondent submitted a one-page response with no supporting documentation in which he stated that the overdraft occurred because he had "transposed digits" on a fee that he withdrew. A copy of the response is attached as Exhibit O.

20. As of June 25, 2009, Respondent had not provided any response to the May 19, 2009 request for supporting documentation by the Association's Audit Manager, Rita Swanson.

21. On June 25, 2009, I sent Respondent a "ten-day letter" under ELC 5.3(f)(1) directing him to provide the requested documentation by July 8, 2009. A copy of that letter, along with a return receipt signed by Respondent, is attached as Exhibit P.

22. As of this date, Respondent has not provided any of the documentation requested by the Association's Audit Manager on May 19, 2009.

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

10-16-09 Seattle WA
Date & Place

Scott G. Busby
Scott G. Busby, Bar No. 17522
Disciplinary Counsel

EXHIBIT A

RECEIVED

MAR 06 2009
WSBA OFFICE OF
DISCIPLINARY COUNSEL

GRIEVANCE AGAINST A LAWYER



Return your completed form to:

Office of Disciplinary Counsel
Washington State Bar Association
1325 Fourth Avenue, Suite 600
Seattle, WA 98101-2539

GENERAL INSTRUCTIONS

- Read our information sheet *Lawyer Discipline in Washington* before you complete this form, particularly the section about waiving confidentiality.
- Type or write legibly but do not use the back of any page.
- Do not fax your form to us or send your form to us via the Internet.
- If you have a disability or need assistance with filing a grievance, call us at (206) 727-8207. We will take reasonable steps to accommodate you.

INFORMATION ABOUT YOU

CONNELLY RICK
Last Name, First Name
828 SELAND ST. #K
Address
MUKILTEO, WA 98275
City, State, and Zip Code
425-238-2391
Telephone Number (Day/Evening)
425-787-6515
Alternate address/phone where we can reach you

INFORMATION ABOUT THE LAWYER

CONLIN, JAMES
Last Name, First Name
1307 NORPOINT WA N.E.
Address
TALOMA
City, State, and Zip Code
206-551-8852
Telephone Number
CELL: 206-551-8852

INFORMATION ABOUT YOUR GRIEVANCE

Describe **your** relationship to the lawyer who is the subject of your grievance by checking the box that best describes you:

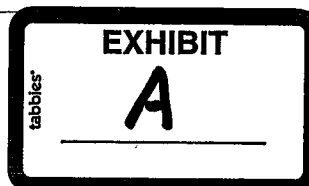
Client
Former Client
Opposing Party

Opposing Counsel
Judicial
Other: ESCROW ATTORNEY

Is there a court case related to your grievance? _____ YES ☒ NO

If yes, what is the case name and file number, and who is the lawyer representing you?

Updated April 2007



Explain your grievance in **your own words**. Give all important dates, times, places, and court file numbers. Attach additional pages, if necessary. Attach **copies (not your originals)** of any relevant documents.

As you can see, JAMES COULIN HAS
NOT RELEASED THE FUNDS.

AFFIRMATION

I affirm that the information I am providing is true and accurate to the best of my knowledge.

Signature: _____

Date: _____

2-12-09

12/18/2008 07:36 36065970

GARY COSTA

PAGE 01/01

12-18-2008 09:56 ORLO WILLIS

PAGE1

Protect-A-Cover Closing Statement

Seller: Protect-A-Cover, Inc., a Washington corporation
Buyers: Orlo Willis or assigns
Closing Date: October 1, 2008

SELLER'S ACCOUNT

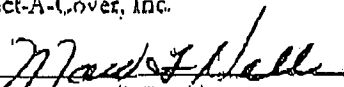
	Charge	Credit
Asset Purchase Price		\$135,000.00
Escrow Fee (1/2)	\$500.00	
Commission - (paid from earnest money)	\$13,500.00	
City Bank lien	\$14,000.00	
Promissory Note principal	\$85,000.00	
Cash to Seller	\$22,000.00	
Total	\$135,000.00	\$135,000.00

1. Seller shall pay all personal property taxes outside of escrow.
2. This closing statement is subject to final audit and, if a monetary error is discovered or if any encumbrances of record necessary to clear title are discovered, such payments are to be assessed and immediately collected from or refunded to the party liable therefore or entitled thereto.
3. Your signature acknowledges that these documents have been prepared in strict impartiality and that the Law Office of James Conlin has made no representations or recommendations whatsoever in regard to this transaction.

Dated this 1st day of October, 2008.

Protect-A-Cover, Inc.

By


Marc Hall, President

Juno e-mail for rgconnelly@juno.com printed on Thursday, March 05, 2009, 12:39 PM

From: Rick Connelly <rgconnelly@juno. >
To: jimconlin65@msn.com
Cc: garyc6646@gmail.com, brian@ebbwa.com
Date: Sat, 10 Jan 2009 11:23:34 -0600
Subject: Mark Hall (Protect-A-Cover)

Jim,

In light of the fact that this issue with Mark Hall's (Protect-A-Cover) closing, and funds not being disbursed per your closing statements, I have no other option other than to proceed and appraise the Washington State Practice of Law Board and Washington State Department of Real Estate Licensing, in regards to this last closing. I requested a set of signed closing documents from you, and as of this date, I have not received them. I also asked you to provide copies of the wire transfer which reflected the mistakes made. As of this date, I have not received it either. I will also tell Gary Costa that he should encourage Mark to seek legal counsel. The copy of the closing statement you provided to Mark clearly states that the funds were disbursed to City Bank.

Jim, this closing was last October 1st, 2008. I am not sure yet why you wanted Mark to keep his corporation alive, as his line of credit was most likely personally guaranteed. Unless I hear from Gary that this issue is resolved to Marks satisfaction on or before this next week 1-14-09. I will report these finding the above agencies.

Sincerely

Rick Connelly
Empire Business Brokers of Washington Inc.

cc: Mark Hall
(Gary, please forward this to Mark Hall)

Juno e-mail for rgconnelly@juno.com printed on Thursday, March 05, 2009, 12:48 PM

From: Rick Connelly <rgconnelly@juno.com>
To: brian@ebbwa.com, garyc6646@gmail.com
Date: Fri, 19 Dec 2008 13:31:23 -0600
Subject: Fw: RE: Protectocover

????????????? Rick
jimconlin65@msn.com>
To: Rick Connelly <rgconnelly@juno.com>
Date: Fri, 19 Dec 2008 10:43:18 -0800
Subject: RE: Protectocover
Message-ID: <BLU144-W3171C7553E77A0D116F36DA1F00@phx.gbl>
References: <20081215.122500.2036.33.rgconnelly@juno.com>

Rick:

I am staying in touch with Mr. Hall and continuing to protect his interest. There is no doubt that I was supposed to wire funds to pay off his City Bank lien. I screwed up in the transfer and am now trying to collect the funds. I have paid out of my pocket to keep the lien current while I work on this. Last night, I extended Mr. Hall's corporate license. As I told him, I am hoping that the bad actor comes through today. If not, I will begin the process of a civil action. Because I am leaving town for the holidays and because of yesterday's snowstorm, I may not be able to start the process today. Nevertheless, if I do not get a resolution today, I will draft a suit and send it out for service as soon as I can. If that gets no response, I will file. All along, I will ensure that Mr. Hall is not out of pocket in any respect. I really can't do much else.

It hurts that you do not believe me, but I can't think what else to do. I hope that you will remember all of the good work I have done previously and let this matter be while I attempt to work it out. I will be out of town until the new year. I hope that you manage to have a Merry Christmas and a Happy New Year.

Very truly yours,
James Conlin
jimconlin65@msn.com
1307 Norpoint Way NE
Tacoma, WA 98422
(206) 551-8852

> To: jimconlin65@msn.com
> CC: brian@ebbwa.com; garyc6646@gmail.com
> Date: Mon, 15 Dec 2008 12:24:59 -0600
> Subject: Protectocover
> From: rgconnelly@juno.com
>
> Jim,
> I am gravely concerned about this past closing. Gary Costa as you may or
> may not know just retired from the Everett Police Dept. and because of
> what is going on and just the nature his career. calling this B.S.! I can
> tell you that he has some serious misgivings about your escrow services.
> But this needs to be resolved now. We at Empire have a fiduciary
> relationship to our clients and this really is making us look bad. Please
> fax a copy of all docs in regards to this transaction to 361-993-9781.
> Myself and Gary need to here from you that this has been resolved before
> it hits a different level. Jim we have been doing deals for some years
> now, what is really going on?
>
> Let me know asap

Juno e-mail for rgconnelly@juno.com printed on Thursday, March 05, 2009, 12:48 PM

>

> Sincerely

>

> Rick Connelly

>

> Are you a homeowner in debt? Need cash now? Click here to refinance your mortgage.

>

<http://thirdpartyoffers.juno.com/TGL2141/fc/PnY6rw2QDxU4p4AI4MJJFgpJ2BQLkJxs38eCLu8qWda8NcEgTcmOA/>

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Juno e-mail for rgconnelly@juno.com printed on Thursday, March 05, 2009, 12:49 PM

From: Rick Connelly <rgconnelly@juno.com>
To: garyc6646@gmail.com, brian@ebbwa.com
Date: Thu, 18 Dec 2008 09:36:54 -0600

Gary and Brian,
FYI

Thursday, December 18, 2008

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WSBA Lawyer Search

Click on column headers to sort by column.

Click on a member's bar # to view additional profile information.

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Bar #	First Name	Last Name	City	Status
20931	James J.	Conlin	Tacoma	Active
9020	Mark James	Conlin	Spokane	Active

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Juno e-mail for rgconnelly@juno.com printed on Thursday, February 19, 2009. 10:51 AM

From: gary costa <garyc6646@gmail.co
To: "rick@ebbwa.com" <rick@ebbwa.com>
Date: Tue, 3 Feb 2009 13:31:55 -0800
Subject: James Conlin ID Information

James Conlin
jimconlin65@msn.com
1307 Norpoint Way NE
Tacoma, WA 98422
(206) 551-8852

STATEMENT

This is a statement of **Marc F. Hall**, former owner of Protect-A-Cover, Inc. Home address; 2205 124th St. S.E., Everett, WA 98208, phone number (425) 338-9663, dated February 11, 2009. This is a true and correct statement to the best of my knowledge.

In August of 2008, Gary Costa the listing agent of Protect-A-Cover, representing Empire Business Brokers of WA, Inc., informed me, that he had a buyer for Protect-A-Cover, Inc.

In September, attorney James Conlin was assigned by Empire Business Brokers of WA, Inc., to complete the closing documents using the Business Opportunity Purchase and Sale Agreement that was signed by me and the new buyer Orlo Willis.

Jim Conlin contacted me the middle of September and told me he was working on the closing sale documents. He informed me that I had a balance of \$13,870 on Protect-A-Cover, Inc. line of credit with City Bank. He said it would be necessary to pay this line of credit off at closing because City Bank had a lien against Protect-A-Cover, Inc. He said he would include the \$13,870 plus interest, into the closing documents and then pay the line of credit off out of the down payment of \$50,000 and I agreed.

Prior to the closing, near the end of September, I called Jim Conlin (206) 551-8852 with a question, and he again explained the closing statement and the charges from the sellers account and told me at this time he would be deducting the \$13,870 plus interest from the down payment.

Jim Conlin the attorney, Gary Costa the listing agent, Orlo Willis the new buyer and I met at Protect-A-Cover, Inc. business location on October 1, 2008 and signed the closing papers for the sale of Protect-A-Cover, Inc. At that time I assumed the commission paid to Empire Business Brokers of WA, Inc., one half the escrow fees, and the City Bank line of credit, would be paid according to the Protect-A-Cover, Inc. closing statement included in the closing documents.

Near the end of October, 2008 I received a notice in the mail from City Bank, that an interest payment was due for the month of October. I called City Bank and asked whether the line of credit had been paid in full, and I was informed that it had not been paid off. I then called Jim Conlin and he said there must have been a miscommunication when he wire transferred the money to City Bank from Key Bank. He said he would make the interest payment to City Bank and pay the line of credit off as agreed.

Just prior to November 15th 2008 I called Jim Conlin and asked if he had paid off the line of credit, and he said he had been very busy and he didn't know whether Key Bank had straightened out the wire transfer. He said he would call me back.

At this time I called Gary Costa the listing agent with Empire Business Brokers and asked him if Jim Conlin was trustworthy and responsible. He assured me that he was.

Jim Conlin called me back on November 14th 2008 and said he still had not paid off the line of credit, but he would make the next interest payment due on November 15th and would get it all straightened out. I told him I was concerned about this dragging out and he assured me that it was not my problem, and he would take care of it. He also said he would call me as soon as the line of credit was paid off.

At the end of November, I called Jim Conlin and now his story had changed. He told me the "Bad Boy" was supposed to pay him but he didn't send the check or it bounced, I don't remember which. His statement caught me by surprise as I had thought we were having problems with Key Bank, wire transfer or City Bank. I told Jim Conlin that the line of credit had to be paid off as soon as possible, and that I was concerned that I didn't own the business anymore, and by keeping the line of credit open was fraudulent. He told me again that it was "not my problem", and as long as payments were made, not to worry.

I called Gary Costa of Empire Business Brokers and told him what Jim Conlin said and he said what was going on was not right and he would talk to his Broker, Rick Connelly of Empire Business Brokers and call me back.

Gary Costa called me back and told me that Jim Conlin had worked with Empire Business Brokers for ten years, etc. and the Broker would call Jim Conlin and try to work it out.

Jim Conlin called me December 14th 2008 and told me he was still trying to get money from the "Bad Boy" and that he would make the interest payment due December 15th on the line of credit.

Each time I've talked to Conlin, I've asked him for the complete signed copies of the closing papers. As of this date, I have not received them.

I told Jim Conlin that on December 23rd 2008, the corporation would cease to exist because I did not file for corporation renewal papers in September 2008. He told me if the "Bad Boy" did not pay him, he would pay to have the corporate license renewed.

Jim Conlin called me December 17th or 18th 2008, and told me we would have to renew the corporate license. I told him I did not want to renew the corporate license. He told me we had to renew the license because it was necessary to keep the line of credit viable. I sent him the corporate license renewal form. Jim Conlin emailed the application and paid the \$50.00 plus delinquent fee, for a total of \$84.00. I received the corporation Master License renewed to September 9th 2009. I am very disappointed in this process, and I told Jim Conlin this.

He also said that he was going out of town until December 30th, 2008, but when he returned, he would call me. Jim Conlin also told me if the "Bad Boy" didn't bring the money after he got back on December 30th, he was going to bring legal action against him.

Gary Costa called and asked me what was going on with Jim Conlin and I told him what was in the previous paragraph. He said they were working on a resolution and he would call me.

Jim Conlin called me January 13th, 2009 and said that "Bad Boy" had not paid him and would need to make another interest payment on the line of credit. I told him their needs to be resolution concerning the payment of the balance on the line of credit. He said he was working on it. Jim Conlin paid the interest on the line of credit.

I called Gary Costa on February 11th, 2009 and told him Jim Conlin had not paid the balance on the line of credit. I told him Orlo Willis (new owner) had filed with Washington State, Articles of Amendment – Articles of Incorporation of Protect-A-Cover, Inc. to MH-PAC, Inc., effective September 30th, 2008. I also told him that the line of credit with City Bank would expire April 1st, 2009 and I could not renew it because Protect-A-Cover, Inc. was now MH-PAC, Inc. Gary Costa told me they were taking action against Jim Conlin (non-specific) and he would call me.

Gary Costa called me back February 11th, 2009 and asked me to copy all the documents concerning the sale of Protect-A-Cover, Inc. and to also write a summary of the conversations I had with Jim Conlin.

Note #1: In one of the telephone conversations I had with Jim Conlin, he told me would write a personal check for the balance of the line of credit, but he didn't have the money.

Note #2: Up until December 17th, 2008, I was willing to give Jim Conlin the benefit of the doubt and hoped that he would straighten this problem out, but it is obvious that is not going to happen. I will contact him and give Jim Conlin until March 1st, 2009 or it will be necessary to contact the Washington State Attorney General as well as the police.

Note #3: Gary Costa has been very helpful during this process and I appreciate it. I realize he is not the definitive decision maker.

As indicated, this statement is provided as a true and correct recollection to the best of my knowledge, signed;



Marc F. Hall



**BUSINESS OPPORTUNITY
PURCHASE AND SALE AGREEMENT**

*This has been prepared for submission to your attorney for review and approval prior to signing.
No representation is made by licensee as to its sufficiency or tax consequences.*

Date: September 2, 2008

The undersigned Buyer, Orlo Willis or an assignee Corporation or LLC owned by Orlo agrees to buy and Seller agrees to sell on the following terms, the business commonly known as Protect - A - Cover Inc. located at 12428 Hwy 99, Unit 63 in the City of Everett County of Snohomish State of Washington, Zip 98204

1. **PURCHASE PRICE.** The purchase price, including the earnest money, is One hundred thirty five thousand Dollars (\$ 135,000.00), plus the amount paid for inventory as determined in Section 9 below, payable as follows:

- ☐ all cash at closing, including the earnest money, with no financing contingency.
☐ all cash at closing, including the earnest money, contingent on new financing under Section 4a below.
☒ \$ 50,000.00 / 1 % of the purchase price in cash at closing, including the earnest money, with the balance of the purchase price paid as follows (check one or both, as applicable): ☐ Buyer's assumption of any underlying note and security agreements, under Section 4b below; ☒ Buyer's delivery at closing of a promissory note for the balance of the purchase price, secured by the security agreement encumbering the property, as described in 4c below.
☐ Other: _____

2. **EARNEST MONEY.** Buyer agrees to deliver the earnest money of \$ 3,500.00 in the form of ☐ Cash ☒ Personal check ☐ Promissory Note ☐ _____ Other: _____ If the earnest money is

in the form of a promissory note, it shall be due no later than:

- ☐ _____ days after mutual acceptance.
☐ Upon removal of the inspection contingencies in Section 8 below.
☐ Other: _____

Buyer shall deliver the earnest money to and it shall be held by ☐ Selling Licensee ☒ Closing Agent, no later than:

- ☐ _____ days after mutual acceptance
☒ Upon removal of the inspection contingencies in Section 5 below.
☐ Other: _____

Selling Licensee may, however, transfer the earnest money to Closing Agent.

If the earnest money is to be held by Selling Licensee and is over \$10,000, it shall be deposited to: ☐ Selling Licensee's pooled trust account (with interest paid to the State Treasurer) ☐ A separate interest bearing trust account in Selling Licensee's name. The interest, if any, shall be credited at closing to Buyer whose Social Security or taxpayer ID Number is _____. If this sale fails to close, whoever is entitled to the earnest money is entitled to interest.

Selling Licensee shall deposit any check to be held by the Selling Licensee within 3 days after receipt or mutual acceptance, whichever occurs later. Buyer agrees to pay financing and purchase costs incurred by Buyer. If all or part of the earnest money is to be returned to Buyer and any such costs remain unpaid, Selling Licensee or Closing Agent may deduct and pay them therefrom. Unless otherwise provided in this Agreement, the earnest money shall be applicable to the purchase price and shall be non-refundable except where a condition to Buyer's obligation under this Agreement is not satisfied through no fault of Buyer.

BUYER: Orlo Willis DATE: 9/2/08 SELLER: Protect - A - Cover Inc. DATE: 9/2/08

BUSINESS OPPORTUNITY PURCHASE AND SALE AGREEMENT
(CONTINUED)

Buyer Orlo Willis or an assignee Corporation or LLC owned by Orlo Willis Date September 2, 2008

Buyer _____ Date _____

Office Phone Cell 206-849-1849 Fax No _____ Home Phone 425-481-6634

Print Name (s) Orlo James Willis

Buyer's Address 8112 NE 145th PL, Kenmore, WA 98028

Selling Licensee (Company) Empire Business Broker of WA Inc MLS Office No. N/A

Office Phone (425) 781-6515 Other Phone (425) 350-0971 Fax Phone (360) 659-7033

Address 828 2nd St, Suite #K, Muketio, WA 98275

By [Signature] Print Name G. Costa

Seller PROTECT-A-COVER, INC. Date 9/2/08

Seller MARC F. HALL Date 9/2/08

Home Phone 425-338-9663 Office Phone 425-348-4115 Fax Phone 425-742-5350 PLEASE CALL FIRST

Print Name MARC F. HALL

Seller's Address 12428 HWY 99, UNIT C3, - EVERETT, WA 98204

Listing Agent (Company) Empire Business Broker of WA Inc.

Office Phone (425) 781-8515 Other Phone (425) 350-0971 Fax Phone (360) 659-7033

Address 828 2nd St, Suite #K, Muketio, WA 98275 MLS Office No. N/A

By [Signature] Print Name G. Costa

30. BUYER'S RECEIPT. Buyer acknowledges receipt of a Seller signed copy of this Agreement, on

BUYER [Signature] SELLER [Signature]
BUYER [Signature] BUYER [Signature]

BUSINESS OPPORTUNITY
PURCHASE AND SALE AGREEMENT
(CONTINUED)

3. **ASSETS PURCHASED.** This sale shall include all assets of Seller's business other than accounts receivable, cash, and the following other assets which are not included: _____
In addition to the leases, contracts and agreements assumed by Buyer pursuant to Section 8a below, this sale includes all right, title and interest of Seller to the following intangible property now or hereafter existing with the respect to the business including without limitation: all drawings, plans specifications and other architectural or engineering work product; all governmental permits, certificates, licenses, authorizations and approvals; all utility, security and other deposits and reserve accounts made as security for the fulfillment of any of Seller's obligations; any name of or telephone numbers for the business, and related trademarks, service marks or trade dress; and guaranties, warranties or other assurances of performance received. Notwithstanding the foregoing, if Seller uses the trademarks, service marks, or trade dress for Seller's other businesses, then the Buyer's and Seller's obligations under this Agreement shall be conditioned on their agreement to an irrevocable, royalty-free license (excluding any portion of the purchase price allocated to the license) for the Buyer to use the marks and trade dress for the business purchased under this Agreement.

The purchase price shall be allocated among the assets purchased in the following amounts: real property N/A; equipment \$18,000.00; leasehold improvements N/A; supplies _____; noncompete agreement \$1,000.00; consulting agreement _____; other (identify) _____

4. **PAYMENT TERMS AND SECURITY.**

a. **Application for New Financing.** If payment of the purchase price is contingent on Buyer obtaining new financing, then Buyer's obligation to close is conditioned upon Buyer accepting a written commitment for financing. Buyer will not reject those terms of a commitment which provide for a loan amount of at least _____ percent (____%) of the purchase price, interest not to exceed _____ percent (____%) per annum, a payment schedule calling for monthly payments amortized over not less than _____ (____) years, and total placement fees and points not more than _____ percent (____%) of the loan amount. Buyer shall make immediate application for the commitment, pay required costs and make a good faith effort to procure such financing. This Agreement shall terminate and Buyer shall receive a refund of the earnest money unless Buyer gives Seller written notice that this condition is satisfied or waived on or before _____ (____) days (60 days, if not completed) following mutual acceptance of this Agreement.

b. **Assumption of Existing Financing.** If payment of the purchase price includes Buyer's assumption of a note and security instruments, including without limitation a UCC Fixture Filing, UCC Financing Statement, mortgage, deed of trust, or real estate contract, Seller shall promptly deliver to Buyer a copy of the underlying debt instrument(s) to be assumed, and Buyer shall be deemed to have approved all of the terms of the debt instrument(s). Unless Buyer gives notice of disapproval within five (5) days after receiving such instrument(s), if any of the debt instrument(s) requires the consent of a third party to the assumption by Buyer, then Buyer shall apply for such consent within seven (7) days after receiving the debt instrument(s); upon Buyer's request, Seller shall assist Buyer by requesting the third party's consent to the assumption on Buyer's behalf. This Agreement shall terminate and Buyer shall receive a refund of the earnest money unless Buyer gives Seller written notice within _____ (____) days (30 days, if not completed) of receiving the debt instrument(s) stating that such consent is available. Buyer shall pay any assumption fees or other out-of-pocket expenses attributable to the assumption of the underlying indebtedness.

c. **Seller Financing.** If Seller is financing a portion of the purchase price, unless different forms of debt and security instruments are attached to this Agreement, Buyer shall execute and deliver to Seller at closing: (i) LPB Form No. 28A Promissory Note and the DUE ON SALE and COMMERCIAL PROPERTY optional clauses in that form shall apply; (ii) UCC-1 Financing Statement covering the personal property subject to Seller's security interest and UCC-2 Fixture filing if fixtures are included in the sale; (iii) LPB Form No. 20 Short Form Deed of Trust and CBA Form No. DTR Deed of Trust Rider if real property is included in the sale; and (iv) Washington Legal Blank Inc., Form (WBA) UCC-1B (rev. 9/99) form security agreement. The promissory note shall bear interest at the rate of 5.0 % per annum, and shall be payable as follows (choose one): ☐ monthly installments of interest

INITIALS BUYER afw DATE 9/2/08 SELLER 787/6515 DATE 9/2/08

BUSINESS OPPORTUNITY
PURCHASE AND SALE AGREEMENT
(CONTINUED)

only. ☐ monthly installments of \$ _____ ☐ equal monthly installments of principal and interest in an amount sufficient to fully amortize the outstanding principal balance at the stated interest rate over _____ years, ☒ Other See Exhibit (B). Payments shall commence on the first day of the first month following the month in which closing occurs and continuing on the same day of each succeeding month, until (choose one): ☒ 120 months from the date of closing. ☐ other _____, on which date all outstanding principal and interest shall be due.

The principal shall, at Seller's option, bear all interest at the rate of 10 % per annum (18% or the maximum rate allowed by law, whichever is less, if not filled in) during any period of Buyer's default. If Seller receives any monthly payment more than 15 days (15 days if not filled in) after its due date, then a late payment charge of \$ _____ / 5 % of the delinquent amount (5% of the delinquent amount if not filled in) shall be added to the scheduled payment. Buyer shall have 10 (5 days if not filled in) after written notice to cure a default before Seller may declare all outstanding sums to be immediately due and payable.

If the Form (WBA) UCC-1B is used, except as otherwise provided in this Agreement, it shall be completed as follows: (i) the property subject to the security agreement shall be all of the property purchased hereunder, together with all replacements, additions, and proceeds; (ii) the primary use of the property specified in Section 1 shall be "business;" (iii) the address for the location of the collateral for Section 2 shall be the address where Buyer will conduct business after closing; and (iv) Section 3 shall be completed with the legal description of the real property where Buyer will operate the business after closing.

5. ADDENDA. The following addenda are attached hereto and included in this Agreement: ☐ None ☒ Exhibit (A) - Equipment List, Exhibit (B) - Financing Agreement, Exhibit (C) - Consulting
6. PURCHASE OF BUSINESS REAL PROPERTY. If this sale includes the sale of commercial real estate to Buyer, the parties have attached and completed the CBA Form No. PS-2A Real Property Addendum or NWMLS Form No. 30A, or some other addendum regarding the sale of commercial real estate.
7. LIQUOR/GAMING LICENSES. This sale ☐ does ☒ does not (does not, if not filled in) involve the transfer of a State Liquor or Gaming License. If a State Liquor License and/or Gaming License is to be transferred as part of this sale, Buyer shall apply for such transfer(s) within 7 days of mutual acceptance of this Agreement and Seller shall cooperate with Buyer's efforts. If the transfer of either of those licenses is denied or not granted prior to closing, at Buyer's option, Buyer may terminate this Agreement prior to closing and the earnest money shall be returned to the Buyer.
8. INSPECTION CONTINGENCY. This Agreement shall terminate and Buyer shall receive a refund of the earnest money unless Buyer gives written notice to Seller within 20 days (20 days if not filled in) of mutual acceptance of this Agreement (the "Contingency Period") stating that Buyer is satisfied with the following items a through e. If such notice is timely given, the inspection contingencies stated in this Section 8 shall be deemed to be satisfied.

a. Books, Records, Leases, Agreements. Seller shall make available for inspection by Buyer or its agents as soon as possible but no later than ten (10) days after mutual acceptance of this Agreement all documents available to Seller relating to the ownership and operation of the business, including without limitation: (i) statements for utilities and personal property taxes; (ii) service contracts, franchise agreements, employment contracts, and leases or conditional sales agreements for equipment, fixtures, or other personal property; (iii) plans, specifications, permits, applications, drawings, surveys, studies, warranties and maintenance records regarding Seller's business or the property sold hereunder; (iv) books and records regarding the past performance and current financial condition of the business, including state and federal tax returns, financial statements, balance sheets, accounting records and audit reports; and (v) any lease or other agreement for use and occupancy of any premises on which all or a portion of the business is located or conducted.

Buyer shall determine within the Contingency Period whether it wishes and is able to assume, as of closing, all of the foregoing leases, contracts, and agreements which have terms extending beyond closing, and to determine which leases, contracts and agreements that Buyer does not wish to assume or take subject to. Buyer shall be solely responsible for obtaining any required consents to each assumption. Seller, however, shall cooperate with Buyer in securing any necessary consents. Seller shall transfer the leases, contracts and agreements as provided

Initials: BUYER afw DATE 9/2/08 SELLER W. H. H. DATE 9/2/08

**BUSINESS OPPORTUNITY
PURCHASE AND SALE AGREEMENT
(CONTINUED)**

in Section 13 of this Agreement.

li. at or prior to the end of the Contingency Period, Buyer notifies Seller that there are certain leases, contracts or agreements that Buyer wants terminated as a condition to Buyer's purchase, Seller shall have 10 days from the date of Buyer's notice to attempt to terminate each such lease, contract or agreement on terms satisfactory to Seller. Buyer shall incur no liability for any such termination. Unless Seller notifies Buyer by the end of the 10-day period that Seller has been able to terminate each such lease, contract or agreement on terms satisfactory to Seller, this Agreement shall terminate and the earnest money shall be returned to Buyer, unless Buyer on or before the end of the 10-day period waives the termination requirement and proceeds to close.

b. **Lease of Premises by Seller.** If Seller is the owner of the premises on which all or a part of the business is located, and Buyer is not purchasing the premises as part of this Agreement, Seller shall deliver to Buyer within 10 days after mutual acceptance a proposed form of lease for the premises. Buyer and Seller shall then have until the end of the Contingency Period to agree upon a final form of lease. If Buyer and Seller cannot agree on a final form of lease by the end of the Contingency Period, then Buyer or Seller may thereafter terminate this Agreement and the earnest money shall be returned to Buyer.

c. **Employment of Key Personnel.** Buyer shall determine within the Contingency Period whether it wishes to attempt to negotiate acceptable employment contracts with any employees of Seller that Buyer wishes to hire after closing. Buyer shall not contact any employees of Seller without Seller's permission to do so. If Buyer's purchase is made contingent on hiring any employees, and Seller refuses Buyer permission to contact those employees or if Buyer cannot negotiate a mutually satisfactory agreement at least ten (10) days prior to closing with any employee that Buyer identifies during the Contingency Period, then Buyer may terminate this Agreement and receive a refund of the earnest money.

d. **Physical Inspection.** Seller shall permit Buyer and its agents, at Buyer's sole expense and risk, to enter the premises at reasonable times to conduct inspections concerning the business and premises including without limitation, the structural condition of the leasehold improvements, all mechanical, electrical and plumbing systems, equipment, hazardous materials (limited to a Phase 1 audit only), pest infestation, or other matters affecting the feasibility of the business and premises for Buyer's intended use. Buyer shall schedule any entry onto the premises with Seller in advance. Buyer shall not perform any invasive testing without obtaining the Seller's prior written consent, which shall not be unreasonably withheld. Buyer shall restore the personal property, premises and leasehold improvements to the same condition they were in prior to inspection. Buyer agrees to indemnify and defend Seller from all liens, costs, claims, and expenses, including attorneys' and experts' fees, arising from or relating to entry onto or inspection of the premises by Buyer and its agents. This agreement to indemnify and defend Seller shall survive closing. Buyer may continue to enter the premises in accordance with the foregoing terms and conditions after removal or satisfaction of the inspection contingency only for the purpose of re-sale or to satisfy conditions of financing.

e. **Schedule of Assets.** Within 10 days after mutual acceptance of this Agreement, Seller shall prepare a schedule setting forth all property to be transferred to Buyer at closing, whether real, personal, tangible, or intangible. Within 10 days after receipt of this schedule, Buyer shall approve or disapprove the schedule. If Buyer approves the schedule and Buyer and Seller have not agreed on an allocation of the purchase price in Section 3 above, then Buyer and Seller shall agree on an allocation of the purchase price among the various assets (equipment, furnishings and fixtures, goodwill, etc.). If they are unable to agree in good faith within 10 days after Buyer's written approval of the schedule, or if Buyer fails to give Seller written approval of the schedule within the 10 day period, either party may terminate this Agreement. Except as otherwise provided in this Agreement, Seller is not transferring and Buyer is not assuming any accounts payable or other liabilities of Seller, and Seller shall indemnify and hold Buyer harmless from all liabilities of Seller related to Seller's operation of the business. This agreement to indemnify and defend Seller shall survive closing.

9. **INVENTORY.** Within 10 days after mutual acceptance of this Agreement, Seller and Buyer shall agree in writing on a preliminary inventory setting forth the count and assigned unit values for all of Seller's inventory; if Seller and Buyer cannot agree on a preliminary inventory, then this Agreement shall terminate and the earnest money shall be refunded to Buyer. The inventory shall be valued at the lower of Seller's cost for any such item or the fair market value of such item. The inventory to be sold should consist only of items of quality or quantity commercially

Initials BUYER: afw DATE 9/2/08 SELLER: Watt DATE 9/2/08

**BUSINESS OPPORTUNITY
PURCHASE AND SALE AGREEMENT
(CONTINUED)**

usable and saleable in the ordinary course of business. At the close of the last business day prior to closing, Seller and Buyer shall conduct a final inventory for the purpose of adjusting the inventory count (but not the assigned unit values). The final inventory count shall not exceed or be exceeded by the preliminary count by more than 10 percent (ten percent if not filled in), and the final inventory value (the final inventory count per item times the assigned unit values per item) shall be added to the purchase price described in Section 1 above.

10. **EMPLOYMENT MATTERS.** Seller shall be responsible for all employment obligations of the business prior to closing, including wages, taxes, accrued vacation and sick pay, and benefits for all employees and/or contractors engaged by Seller for the business prior to closing. Unless otherwise agreed, all employees shall be terminated as of closing and Buyer shall be responsible at and after closing for only those employees or contractors that Buyer hired.
11. **OPERATIONS PRIOR TO CLOSING.** After mutual acceptance of this Agreement and until closing, Seller shall continue to operate the business in the ordinary course; shall not sell, pledge, encumber or otherwise transfer any of the property (except for inventory in the ordinary course); shall maintain the assets of the business in at least the same condition existing on the date of mutual acceptance of this Agreement, damage by casualty excluded; shall not enter into, modify, or terminate any contracts, leases or other agreements (except in the ordinary course of business), or make capital expenditures in excess of \$2,000 without first obtaining Buyer's consent, which shall not be unreasonably withheld; shall not increase the compensation, benefits or distributions of any of the employees or principals of the business; and shall pay before delinquency all taxes, assessments, and other government charges regarding the business, its operations and property.
12. **POSSESSION.** Buyer shall be entitled to possession ☒ on closing ☐ _____ (on closing, if not filled in).
13. **CONVEYANCE.** Title to the tangible property shall be transferred by bill of sale unless some different method of transfer is dictated by law. Seller warrants that the title to the property shall be free of all liens and claims of any kind, except as otherwise provided in this Agreement. At closing, Seller and Buyer shall execute and deliver to Closing Agent CBA Form No. PS-AS Assignment and Assumption Agreement transferring all leases, contracts and agreements assumed by Buyer pursuant to Section 8a and all intangible property transferred pursuant to Section 3.
14. **CLOSING OF SALE.** This sale shall be closed on or before 5:00 PM o'clock on 9/30/2008 ("closing") by _____ ("Closing Agent"). Buyer and Seller shall, immediately on demand, deposit with Closing Agent all instruments and monies required to complete the purchase and sale in accordance with this Agreement. "Closing" shall be deemed to have occurred when all documents required to close are delivered to Closing Agent and the sale proceeds are available to Seller. Time is of the essence in the performance of this Agreement.
15. **CLOSING COSTS.** Seller and Buyer shall each pay one-half of the escrow fees. Personal property taxes payable in the year of closing, rents and other payments under assumed contracts or leases, license fees for Liquor or Gaming Licenses if closing occurs within ninety (90) days of the start of the license year, utilities, phone company charges, advertising fees, and other operating expenses shall be pro-rated as of closing. Unless otherwise agreed in writing, Buyer shall pay all costs of assuming contracts leases and other agreements. Buyer shall reimburse Seller for lease, utility and other business related deposits not returned to Seller at closing. Buyer shall pay all sales and/or use tax (other than real estate excise tax) arising from the transfer of the property. The commission is due on closing or upon Seller's default under this Agreement, whichever occurs first, and neither the amount nor due date thereof can be changed without the Listing Broker's written consent.
16. **RISK OF LOSS.** The risk of loss or damage to the property sold hereunder shall be Seller's until closing. Buyer may terminate this Agreement and obtain a refund of the earnest money, less any costs advanced or committed for Buyer, if improvements on the premises or the assets of the business are destroyed or materially damaged by casualty before closing, or if condemnation proceedings are commenced against all or a portion of the premises before closing.
17. **REPRESENTATIONS AND WARRANTIES OF SELLER.** Seller represents and warrants to Buyer that (i) it has the authority to sign this Agreement and complete the sale to Buyer; (ii) all books, records, leases, agreements, and

Initials: BUYER afw DATE 9/2/08 SELLER mgf DATE 9/2/08

**BUSINESS OPPORTUNITY
PURCHASE AND SALE AGREEMENT
(CONTINUED)**

other items delivered to Buyer under this Agreement are accurate, and complete; (iii) Seller has complied with all local, state and federal laws, and any restrictions in its Liquor and/or Gaming Licenses in operating its business, and Seller has all required licenses, permits, certificates and authorizations needed for the conduct of its business and the use of its properties and premises; (iv) there are no liens on or claims to the property to be transferred to Buyer under this Agreement; (v) Seller knows of no litigation (pending or threatened), contract provisions, or other matters that could restrict its ability to perform hereunder or which could adversely affect Buyer's operation of the business after closing; (vi) Seller has not made any untrue statements of material fact, or omitted to state any material fact, the omission of which would be misleading to Buyer, and Seller has as of the date of this Agreement disclosed all material events, conditions and facts affecting the business, affairs and prospects of Seller and its business; (vii) Seller has title to all personal property sold to Buyer pursuant to this Agreement; and (viii) Seller has paid (except to the extent prorated at closing) all local, state, and federal taxes applicable to the business or the property sold under this Agreement, including without limitation, business and occupation taxes, social security and unemployment taxes, and worker's compensation contributions. Seller's representations and warranties shall survive closing. Seller makes no representation or warranties regarding the business or property other than those specified in this Agreement. Buyer otherwise takes the business and personal property AS IS and Buyer shall otherwise rely on its own pre-closing inspections and investigations. The continued accuracy of these representations and warranties as of the closing date shall be a condition to Buyer's obligation to close this transaction, and Seller shall deliver to Buyer at closing a certificate that such representations and warranties continue to be accurate as if restated on the date of closing.

18. **HAZARDOUS SUBSTANCES.** Except as disclosed to or known by Buyer prior to the satisfaction or waiver of the inspection contingency stated in Section 8 above, Seller represents and warrants to Buyer that, to the best of its knowledge: (i) there are no Hazardous Substances (as defined below) currently located in, on, or under the premises or used in the business in a manner or quantity that presently violates any Environmental Law (as defined below); and (ii) there is no pending or threatened investigation or remedial action by any governmental agency regarding the release of Hazardous Substances or the violation of Environmental Law at the premises or by the business. As used herein, the term "Hazardous Substances" shall mean any substance or material now or hereafter defined or regulated as a hazardous substance, hazardous waste, toxic substance, pollutant, or contaminant under any federal, state, or local law, regulation, or ordinance governing any substance that could cause actual or suspected harm to human health or the environment ("Environmental Law"). The term "Hazardous Substances" specifically includes, but is not limited to, petroleum, petroleum by-products, and asbestos.
19. **INDEMNIFICATION.** Seller hereby agrees to defend and indemnify Buyer from any liability, loss, or damage (including attorneys' fees and costs of litigation) arising from or relating to Seller's breach of the foregoing representations and warranties or any of its other obligations in this Agreement. This agreement to indemnify and defend Buyer shall survive closing.
20. **COVENANT NOT TO COMPETE.** Seller, and all partners, members, shareholders, officers and directors of Seller, agree that for a period of 48 months following the closing of this transaction, neither Seller nor its partners, members, shareholders, officers or directors will participate in the ownership or operation of any business that competes directly, with the business sold to Buyer that is located within a radius of 50 miles of any business location sold to Buyer under this Agreement. If Seller breaches this covenant, Buyer will be entitled to obtain an injunction to prevent the competitive activity, as well as to recover any money damages to which Buyer may be entitled.
21. **NOTICES AND COMPUTATION OF TIME.** Unless otherwise specified, any notice required or permitted in, or related to, this Agreement (including revocations of offers and counteroffers) must be in writing. Notices to Seller must be signed by at least one Buyer and must be delivered to Seller and Listing Agent. A notice to Seller shall be deemed delivered only when received by Seller, Listing Agent, or the licensed office of Listing Agent. Notices to Buyer must be signed by at least one Seller and must be delivered to Buyer and Selling Licensee. A notice to Buyer shall be deemed delivered only when received by Buyer, Selling Licensee, or the licensed office of Selling Licensee. Listing Agent and their Brokers have no responsibility to advise of receipt of a notice beyond either phoning the party or causing a copy of the notice to be delivered to the party's address on this Agreement. Buyer and Seller must keep Selling Licensee and Listing Agent advised of their whereabouts to receive prompt notification or receipt of a notice.

initials

BUYER

cfw

DATE

9/2/08

SELLER

Walt

DATE

9/2/08

DATE

**BUSINESS OPPORTUNITY
PURCHASE AND SALE AGREEMENT
(CONTINUED)**

Unless otherwise specified in this Agreement, any period of time in this Agreement shall begin the day after the event starting the period and shall expire at 5:00 pm Pacific time of the last calendar day of the specified period of time, unless the last day is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050, in which case the specified period of time shall expire on the next day that is not a Saturday, Sunday or a legal holiday. Any specified period of five (5) days or less shall not include Saturdays, Sundays or legal holidays.

22. MISCELLANEOUS PROVISIONS.

a. **Complete Agreement.** The Agreement and any addenda and exhibits to it state the entire understanding of Buyer and Seller regarding the sale of the business. There are no verbal or written agreements which modify or affect the Agreement.

b. **Counterpart Signatures.** The Agreement may be signed in counterpart, each signed counterpart shall be deemed an original, and all counterparts together shall constitute one and the same agreement.

c. **Facsimile Transmission.** Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either party, or the Closing Agent, the parties will confirm facsimile transmitted signatures by signing an original document.

23. AGENCY DISCLOSURE. At the signing of this Agreement,

Selling Licensee Empire Business Brokers of WA Inc
(Insert names of Licensee and the Company name as licensed)

represented Seller

(Insert Seller, Buyer, both Seller and Buyer or Neither Seller nor Buyer)

and the Listing Agent Gary Costa Empire Business Brokers of WA Inc
(Insert names of Licensee and the Company name as licensed)

represented Seller

(Insert Seller, Buyer, both Seller and Buyer or Neither Seller nor Buyer)

If Selling Licensee and Listing Agent are different salespersons affiliated with the same Broker, then Seller and Buyer confirm their consent to Broker acting as a dual agent. If Selling Licensee and Listing Agent are the same person representing both parties, then Seller and Buyer confirm their consent to that person and his/her Broker acting as dual agents. If Selling Licensee, Listing Agent, or their Broker are dual agents then Seller and Buyer consent to Selling Licensee, Listing Agent and their Broker being compensated based on a percentage of the purchase price or as otherwise disclosed on an attached addendum. Buyer and Seller confirm receipt of the pamphlet entitled "The Law of Real Estate Agency."

24. ASSIGNMENT. Buyer ☐ may ☒ may not (may not, if not completed) assign this Agreement, or Buyer's rights hereunder, without Seller's prior written consent, unless provided otherwise in this Agreement.

25. DEFAULT AND ATTORNEY'S FEES. In the event Buyer fails, without legal excuse, to complete the purchase of the business, then (check one):

☒ that portion of the earnest money which does not exceed five percent (5%) of the purchase price shall be kept by Seller as liquidated damages (subject to Seller's obligation to pay certain costs or a commission, if any) as the sole and exclusive remedy available to Seller for such failure; or

☐ Seller may, at its option, (a) keep as liquidated damages all of the earnest money (subject to Seller's obligation to pay certain costs or commission, if any) as the sole and exclusive remedy available to Seller for such failure, (b) bring suit against Buyer for Seller's actual damages, (c) bring suit to specifically enforce this Agreement and recover any incidental damages, or (d) pursue any other rights or remedies available at law or equity.

BUYER CSW DATE 9/2/08 SELLER MSE DATE 9/2/08

**BUSINESS OPPORTUNITY
PURCHASE AND SALE AGREEMENT
(CONTINUED)**

If Buyer or Seller institutes suit concerning this Agreement, the prevailing party is entitled to reasonable attorneys' fees and expenses. In the event of trial, the amount of the attorneys' fees shall be fixed by the court. The venue of any suit shall be the county in which the business is located as identified in the first paragraph of page 1 of this Agreement, and this Agreement shall be governed by the laws of that state.

26. **ACCEPTANCE; COUNTEROFFERS.** Seller has until midnight of _____ unless sooner withdrawn (if not filled in, the third business day following the last Buyer signature date below) to accept this offer. If this offer is not timely accepted, it shall lapse and the earnest money shall be refunded to Buyer. If either party makes a future counteroffer, the other party shall have until 5:00 p.m. on the _____ business day (if not filled in, the second business day) following its receipt to accept the counteroffer, unless sooner withdrawn. If the counteroffer is not timely accepted or countered, this Agreement shall lapse and the earnest money shall be refunded to the Buyer. No acceptance, offer or counteroffer from the Buyer is effective until a signed copy is received by the Seller, Listing Agent or the licensed office of the Listing Agent. No acceptance, offer or counteroffer from the Seller is effective until a signed copy is received by the Buyer, Selling Licensee or the licensed office of the Selling Licensee.
27. **SELLER'S ACCEPTANCE AND BROKERAGE AGREEMENT.** Seller agrees to sell the Property on the terms and conditions herein, and further agrees to pay a commission in a total amount computed in accordance with the listing agreement. If there is no written listing agreement, Seller agrees to pay a commission of 10 % of the sales price or \$135,000.-. The commission shall be apportioned between Listing Agent and Selling Licensee as specified in the listing agreement or any co-brokerage agreement. Seller assigns to Listing Agent and Selling Licensee a portion of the sales proceeds equal to the commission. If the earnest money is retained as liquidated damages, any costs advanced or committed by Listing Agent or Selling Licensee for Buyer or Seller shall be reimbursed or paid therefrom, and the balance shall be paid one-half to Seller and one-half to Listing Agent and Selling Licensee according to the listing agreement and any co-brokerage agreement. In any action by the Listing Agent or Selling Licensee to enforce this Section, the prevailing party is entitled to reasonable attorneys' fees and expenses. Neither Listing Agent nor Selling Licensee are receiving compensation from more than one party to this transaction unless disclosed on an attached addendum, in which case Buyer and Seller consent to such compensation. If this includes the sale of real property, the Property as described in attached Exhibit A is commercial real estate. Notwithstanding Section 28, the pages containing this section, the parties' signatures and an attachment describing the real property may be recorded.
28. **CONFIDENTIALITY.** Until and unless a closing has been consummated, Buyer will treat all information obtained in connection with the negotiation and performance of this Agreement as confidential (except for any information that Buyer is required by law to disclose and then only after giving Seller written notice at least three (3) days prior to the disclosure), and will not use or knowingly permit the use of any confidential information in any manner detrimental to Seller.
29. **LISTING AGENT AND SELLING LICENSEE DISCLOSURE.** EXCEPT AS OTHERWISE DISCLOSED IN WRITING TO BUYER OR SELLER, SELLING LICENSEE, LISTING AGENT AND THEIR BROKERS HAVE NOT MADE ANY REPRESENTATIONS OR WARRANTIES CONCERNING THE LEGAL EFFECT OF THIS AGREEMENT, BUYER'S OR SELLER'S FINANCIAL STRENGTH, OR THE PROPERTY, INCLUDING WITHOUT LIMITATION, COMPLIANCE WITH APPLICABLE LAWS SUCH AS LAWS REGARDING ACCESSIBILITY FOR DISABLED PERSONS. SELLER AND BUYER ARE EACH ADVISED TO SEEK INDEPENDENT LEGAL AND TAX ADVICE ON THESE AND OTHER MATTERS RELATED TO THIS AGREEMENT.

Exhibit A
ADDENDUM/AMENDMENT TO
PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated September 2, 2008
between Marc Hall ("Seller")

and Orlo Willis or an assignee corporation or LLC owned by Orlo Willis ("Buyer")

regarding the sale of the Property known as: The applicable assets of Protect-A-Cover, Inc.

IT IS AGREED BETWEEN THE SELLER AND BUYER AS FOLLOWS: Seller agrees to

Carry a promissory note For \$85,000.00 For
10 years at an annual interest rate of 5%.

Total of Payments is \$108,187.20 paid as follows:

- Interest only Payments of \$350.00 per month For First
three years. \$500.00 per month For First 3 years.
ajw - \$90,187.20
- Balance of \$95,587.20 Paid over years 4-10
ajw - \$1073.65
at \$1073.65 per month.

- No Penalty For early Payoff of Principle.

IF Orlo Willis assigns his rights/obligations here under to a Corporation
or LLC, he will personally guarantee the promissory note.

This Addendum modifies section (4C)

Right of Set-off - Marc Hall hereby guarantees Sellers performance
under this agreement including but not limited to Sellers obligations
under Section (8E).

Any liabilities of the Seller that are incurred and paid by
the buyer shall be offset against the promissory note
effective as of closing date.

AGENT (COMPANY): _____ By: _____

ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged

INITIALS: Buyer ajw Date 9/2/08 Seller MH Date 9/2/08
Buyer _____ Date _____ Seller _____ Date _____

Empire Business Brokers of WA
828 2nd Street, Suite K
Mukilteo, WA 98275
Phone: (425) 787-6515
Fax: (425) 355-8688

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Commercial Brokers Association
All Rights Reserved



CBA Form PSA
NWMLS Form No. 34
Addendum/Amendment to P & S
Rev. 12/99
Page 1 of 1

Exhibit C

ADDENDUM/AMENDMENT TO
PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated September 2, 2008
between Marc Hall ("Seller")

and Orlo Willis or an assignee Corporation or LLC owned by Orlo Willis ("Buyer")
regarding the sale of the Property known as: The Applicable assets of Protect-A-Lover, Inc.

IT IS AGREED BETWEEN THE SELLER AND BUYER AS FOLLOWS: Marc Hall agrees
to work for the company for a period of 3 months
without additional compensation.

Marc Hall also agrees to consult for a period
of 1 year after closing, no more than 1 hour per month

AGENT (COMPANY): _____ By: _____

ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged.

INITIALS: Buyer OFW Date 9/2/08 Seller MH Date 9/2/08
Date _____ Date _____

SHOP & OFFICE EQUIPMENT

SHOP

PRESS DIE & WIGBEE	600.00
MILLER SHEPMASTER 300 MIG WELDER	1500.00
MILLER 22A WIRE FEEDER W/WIRE HOLDER	650.00
WELDING CART	150.00
HUNTSMAN WELDING HELMET	110.00
TUBE BENDER	3,500.00
BENDING TABLES	100.00
JET HBS 712 HORIZONTAL & VERTICAL BAND SAW ^{NEW MOTOR}	2,100.00
TUBE EXPANDER MODEL 16K MITEL MATE	175.00
TUBE ROLL STANDS 3ea	500.00
TUBE STORAGE RACKS	900.00
TRAILER 20' FLAT BED BALCO	2,000.00
BANDING MACHINE (STEEL) W/CART	300.00
WELDING BOTTLE CO ² GAS	150.00
2 GRINDERS W/TABLE	250.00
BIG RED DRILL PRESS 16 SPEED	100.00
LIGHT STAND (SHOP)	100.00
CUTTING TORCH	250.00
WORK TABLE	150.00
STEEL WORK TABLE W/VISE	300.00
2ea STORAGE SHELVES	200.00
WORK JIG	500.00
MISC TOOLS - STANDS - CLAMPS - MATS - ETC	500.00
ALL BENDING JIGS (22ea)	1900.00
FRESH AIR SYSTEM	200.00
CHOP SAW	150.00
MILLER MIG GUN	175.00
HAND GRINDER	50.00

2011 9/10

2011 1/10

SHOP & OFFICE EQUIPMENT CONT.

OFFICE EQUIPMENT

2ea. DESKS	200.00
2ea. FILE CABINETS	150.00
1ea. WORK TABLE	50.00
5ea. CHAIRS	75.00
1ea. OPEN SIGN	90.00
PHONE SYSTEM	200.00
1ea. FAX-COPY-SCAN LEXMARK	<u>170.00</u>

875

18,110

9/2/08

24511 9/2/08

ASSIGNMENT OF PURCHASE AGREEMENT
AND
CONSENT TO ASSIGNMENT

Comes now, Protect-A-Cover, Inc., Seller, Orlo Willis, Assignor, and _____,
_____, Assignee and make the following agreement,
this 1st day of October, 2008.

Whereas, Seller and Assignor have entered into a Business Opportunity Purchase and Sale Agreement on September 2, 2008; and

Whereas, Assignor wishes to transfer his interest under said agreement to Assignee; and

Whereas, Seller is willing to consent to such transfer and Assignee is willing to accept such transfer,

Now, therefore, the parties agree that Assignee may purchase Seller's business, known as Protect-A-Cover, on the terms and conditions set forth in the Business Opportunity Purchase and Sale Agreement. Seller further agrees that all closing documents executed in favor of Mr. Willis are hereby assigned by the terms of this agreement.

Seller:

Protect-A-Cover, Inc.

Marc Hall
Marc Hall, President

Assignor:

Orlo Willis

Assignee:

By _____
Orlo Willis, President

JOINT ESCROW INSTRUCTIONS

Seller: Protect-A-Cover, Inc., a Washington corporation
Buyers: Orlo Willis or assigns
Business: Protect-A-Cover

To: James Conlin, Attorney at Law (hereinafter "Escrow Agent")

You are instructed by the above Seller and Purchaser to act as an independent third party in the closing of this transaction.

Escrow Agent has been handed a copy of the Business Opportunity Purchase and Sale Agreement dated September 2, 2008 with attached addendums, counter-offers, exhibits and schedules (hereinafter the "Asset Purchase Agreement") and shall close the subject transaction in accordance with the terms and conditions thereof, unless herein instructed otherwise by the parties. Escrow Agent shall perform said closing until written demand is made by the Purchaser and Seller for cancellation thereof. Upon receipt of written demand for cancellation, any items deposited are to be returned to the party or parties entitled to those items. If cancellation is demanded, Purchaser and Seller agree to pay all charges due Escrow Agent.

1. **SELLER** deposits with you under these instructions a Bill of Sale, a Business Opportunity Purchase and Sale Agreement, Seller's Non-Compete Agreement, and a Seller's Closing Statement which you are authorized to deliver, release and/or record when you have funds sufficient to close and fund this transaction.

2. **PURCHASER** has deposited \$N/A as Earnest Money in the form of N/A with escrow agent. In addition, Purchaser will hand Escrow Agent funds in the amount of \$52,370.90, Purchaser's Closing Statement, and an executed original of a Use Tax return which you are authorized to pay or deliver to Seller when you have for the account of Purchaser all items listed in paragraph 1 above.

3. **ESCROW AGENT IS INSTRUCTED TO ADJUST, PRO-RATE AS OF THE DATE OF POSSESSION AND PAY SELLERS' SHARE FROM THE PROCEEDS OF SALE:**

City Bank lien

4. **MATTERS HANDLED OUTSIDE ESCROW.** The purchase price does include inventory. Any inventory adjustments, shall be handled by the parties outside Escrow. In addition, the parties agree to complete an accounting within one week of closing which will set forth all deposits owed from Seller to Purchaser and all monies due and owing from Purchaser to Seller for work completed prior to closing and for an advertising deposits made by Seller.

5. **HANDLING OF FUNDS.**

(a) Prior to possession, all funds deposited by Purchaser shall remain in escrow with interest (if any, per paragraph 5(c)) credited to the Purchaser up to the date of actual possession as defined in the Asset Purchase Agreement. Seller and Purchaser acknowledge that all conditions to closing have

been met. Purchaser further agrees to deposit all funds necessary to close this transaction, in certified funds, into escrow at least one day prior to the scheduled date of closing.

(b) On the date of possession, you are authorized to disburse the sale proceeds held in the escrow trust account, first to costs of closing and pro-rations as shown on the closing statements, then the balance of the funds shall be disbursed to the Seller.

(c) You are authorized to deposit any substantial cash monies deposited with you on Purchaser's account, if such funds will be held for a period longer than seven (7) days in a separate trust savings account for which Purchaser shall be credited with the interest for such time as the funds are in said account. The Federal Identification Number that such interest should be reported under is n/a. We understand that a fee may be charged by you for establishing and administering said account.

6. **ESCROW FEE.** We agree to pay an escrow fee which fee is to be paid one-half (1/2) by the Seller and one-half (1/2) by the Purchaser, together with costs of mailing and copies.

7. **UCC LIEN SEARCH.** Seller hereby authorizes escrow to obtain UCC-11R Lien Search and a tax lien search reports for the assets of the business being conveyed. Escrow shall have no responsibility or other liability for the accuracy of the information provided in the search request form from the Department of Licensing, State of Washington.

8. **DATE OF CLOSING.** The closing date for this transaction shall be as of October 1, 2008. Purchaser is entitled to possession on October 2, 2008.

9. **CONFLICTING DEMANDS MADE ON ESCROW AGENT.** In the event that any dispute shall arise involving a party to this escrow concerning the property covered by these instructions, or in the event conflicting demands are made, or notices served upon Escrow Agent with respect to this escrow, it is expressly agreed that Escrow Agent shall have the right, at his election, to do any, or all, of the following:

Stop all further proceedings in and performance of this escrow; file a suit in interpleader and obtain an order from the court requiring the parties to interplead and litigate in such court their several claims and rights among themselves; or issue a check to either Seller or Purchaser made payable jointly to Seller and Purchaser in the amount of the sums in dispute. All parties further agree, jointly and severally, to indemnify Escrow Agent from, and to pay on demand or out of such suit in interpleader, all costs, damages, judgments, reasonable attorney's fees, expenses, obligations and liabilities suffered or incurred in connection with or arising out of this escrow except those caused by Escrow Agent's failure to use ordinary care. All parties further agree to pay Escrow Agent his normal hourly legal fee for time spent as a witness, in court or in deposition, in any lawsuit or legal proceeding in connection with this escrow. In any event, all parties expressly agree that Escrow Agent shall have earned his fee according to his regular schedule of charges at the time these instructions are executed. Escrow Agent shall be entitled to deduct his fees and costs pursuant to the closing statements prior to beginning an interpleader action.

10. **APPROVAL OF DOCUMENTS.** Execution by us of any instrument shall be considered full approval thereof. Each executed document shall, to the extent of its own provisions, supersede the Asset Purchase Agreement previously executed by the parties and all other written and oral

agreements. Escrow Agent is authorized, prior to closing, to fill in any incomplete instrument or correct any errors in any instrument in accordance with these Escrow Instructions.

Should there be any errors and/or omissions that are to be corrected, and if legitimate monetary error is discovered, it is to be assessed and immediately collected from, or refunded by, the party or parties liable for those errors and/or omissions.

11. **PERSONAL PROPERTY AND BILL OF SALE.** The parties agree that Escrow Agent shall not be responsible for the condition of title to the personal property. Personal property shall be conveyed by Bill of Sale in accordance with the Seller's listing of personal property. Escrow Agent shall not be responsible for the completeness or accuracy of said Bill of Sale nor shall Escrow Agent be responsible for the condition of such goods. Purchaser represents that he has made an inspection of the personal property and is satisfied with the results of said inspection.

12. **BOTH PARTIES AGREE THAT ALL PROVISIONS SPECIFIED IN THE ASSET PURCHASE AGREEMENTS HAVE BEEN COMPLIED WITH OR WILL BE COMPLIED WITH PRIOR TO CLOSING DATE. ANY TERMS AND CONDITIONS NOT CONTAINED IN THE ASSET PURCHASE AGREEMENT WHICH ARE SET OUT HEREIN SHALL BECOME PART OF THE ASSET PURCHASE AGREEMENT, WHICH IS INCORPORATED HEREIN BY REFERENCE.**

13. **THE PURCHASER HAS BEEN ADVISED THAT USE TAX MAY BE DUE ON THE PURCHASE OF EQUIPMENT AND FURNITURE. PURCHASER AGREES TO PAY USE TAX TO THE STATE DEPARTMENT OF REVENUE THROUGH THE ESCROW AGENT AT CLOSING.**

14. **IF YOU DO NOT HAVE AN ATTORNEY, I URGE YOU TO RETAIN ONE TO ADVISE YOU OF YOUR RIGHTS AND LIABILITIES IN THIS TRANSACTION. Your escrow agent is an attorney, but does not represent either party as their attorney. He is serving only in the capacity of an INDEPENDENT escrow agent.**

Your escrow agent has not referred you to any particular attorney or attorneys or has discouraged you from seeking the advice of any attorney. The parties represent that they have been afforded adequate time and opportunity to read and understand these escrow instructions and all other documents referred to herein.

Dated: _____

SELLER:
Protect-A-Cover, Inc.

PURCHASER:

By _____
Marc Hall, its President

Orlo Willis

Protect-A-Cover Closing Statement

Seller: Protect-A-Cover, Inc., a Washington corporation
Buyers: Orlo Willis or assigns
Closing Date: October 1, 2008

SELLER'S ACCOUNT

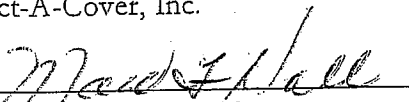
	Charge	Credit
Asset Purchase Price		\$135,000.00
Escrow Fee (1/2)	\$500.00	
Commission – (paid from earnest money)	\$13,500.00	
City Bank lien	\$14,000.00	
Promissory Note principal	\$85,000.00	
Cash to Seller	\$22,000.00	
Total	\$135,000.00	\$135,000.00

1. Seller shall pay all personal property taxes outside of escrow.
2. This closing statement is subject to final audit and, if a monetary error is discovered or if any encumbrances of record necessary to clear title are discovered, such payments are to be assessed and immediately collected from or refunded to the party liable therefore or entitled thereto.
3. Your signature acknowledges that these documents have been prepared in strict impartiality and that the Law Office of James Conlin has made no representations or recommendations whatsoever in regard to this transaction.

Dated this 1st day of October, 2008.

Protect-A-Cover, Inc.

By


Marc Hall, President

Protect-A-Cover Closing Statement

Seller: Protect-A-Cover, Inc., a Washington corporation
Buyers: Orlo Willis or assigns
Closing Date: October 1, 2008

PURCHASER'S ACCOUNT

	Charge	Credit
Purchase Price	\$135,000.00	
Escrow Fee (1/2)	\$500.00	
Draft Note and Security Agreement	\$175.00	
Use Tax	\$1,610.90	
Fax, Copies, Postage	\$10.00	
UCC11R & Tax Lien Search	\$75.00	
Promissory Note principal		\$85,000.00
Cash at closing		\$52,370.90
Total	\$137,370.90	\$137,370.90

1. Seller shall pay all personal property taxes outside of escrow.
2. This closing statement is subject to final audit and, if a monetary error is discovered or if any encumbrances of record necessary to clear title are discovered, such payments are to be assessed and immediately collected from or refunded to the party liable therefore or entitled thereto.
3. Your signature acknowledges that these documents have been prepared in strict impartiality and that the Law Office of James Conlin has made no representations or recommendations whatsoever in regard to this transaction.

Dated this 1st day of October, 2008.

Orlo Willis



OFFICE USE ONLY

TRN

--	--	--	--	--	--	--	--	--	--

Period/Year

--	--

 /

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CONSUMER USE TAX RETURN

PLEASE NOTE

- If you are a business, we encourage you to report use tax for business-related purchases on your excise tax return. However, if you need to report use tax before your next return is due, you may still use this return.
- To pay use tax on automobiles, vessels, or airplanes, please contact one of our local field offices or call 1-800-647-7706 for further assistance. Do not use this form to report use tax on motor vehicles.

STEP 1 - Directions to Determine Location Code and Tax Rate

The rate of use tax is determined by the location where the item is first used in Washington. Normally, this will be the location of your residence.

- To determine the location code(s) and tax rate(s), use our Geographic Information System (GIS) located on our website at <http://dor.wa.gov>, or call 1-800-647-7706 for assistance.
 - When using GIS, enter the address for the location of first use in Washington, and click on "Go".
 - GIS will provide the "Location Code" and "Total Tax Rate". Enter this information in the spaces provided below.

STEP 2 – General Description of Item(s) Purchased

General Description of Item(s) Purchased	Location Code (46)	Value of Item(s) (i.e., purchase price)	Total Tax Rate (enter the amount as a decimal - i.e., 0.084)	Tax Due
Furniture, fixtures and equipment of	3131	\$ 18,100.00	x 0.089 =	\$ 1,610.90
Protect-A-Cover, Inc.		\$	x =	\$ 0.00
		\$	x =	\$ 0.00
		\$	x =	\$ 0.00
		\$	x =	\$ 0.00
		\$	x =	\$ 0.00
Total Value of All Items (05)		\$ 18,100.00	Subtotal	\$ 1,610.90
			Less Credit Paid (i.e. - sales tax paid in another state)	\$ 0.00
			Total Use Tax Due	\$ 1,610.90

- Make check payable to: Department of Revenue
- Mail return and check to: Washington State
Department of Revenue
PO Box 94481
Seattle, WA 98124-6781

STEP 3: Consumer Information – Complete all lines

Full Name: _____ Phone No: _____

Mailing Address: _____ City: _____ State: WA Zip code: _____

Signature: _____ Date: _____

For tax assistance, visit <http://dor.wa.gov> or call 1-800-647-7706. To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users may call 1-800-451-7985.

BILL OF SALE

KNOW ALL PERSONS BY THESE PRESENTS: That Protect-A-Cover, Inc., a Washington corporation, Seller, for and in consideration of the sum of One Hundred Thirty Five Thousand and No/100 Dollars, lawful money of the United States of America, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, to it in hand paid by Orlo Willis or assigns, Buyer, does by these presents grant, bargain, sell and deliver unto Buyer the personal property now located at 12428 Hwy 99, Unit 63, Everett, Washington, 98204 and described on the attached list.

TO HAVE AND TO HOLD the same to Buyer, their heirs, executors, administrators and assigns forever. Seller for their heirs, executors and administrators covenant(s) and agree(s) to and with Buyer, their heirs, executors, administrators and assigns, that Seller is/are owner(s) of the said property, goods and chattels and has/have good right and full authority to sell the same, and that they will warrant and defend the sale hereby made unto Buyers, their heirs, executors, administrators and assigns, against all and every person or persons, whomsoever lawfully claiming or to claim the same.

IN WITNESS WHEREOF, Seller has hereunto set his/her hand(s) this 1ST day of OCTOBER

Protect-A-Cover, Inc.

By

Marc Hall
Marc Hall, its President

STATE OF WASHINGTON)
)
COUNTY OF SNOHOMISH)

ss.

On this day personally appeared before me Marc Hall, , known by me to be the President of Protect-A-Cover, Inc., a Washington corporation, and who executed the within and foregoing instrument on behalf of said corporation and acknowledged the act as the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and on oath stated that he was authorized to act on behalf of said corporation in this matter.

GIVEN under my hand and official seal this _____ day of _____.

Notary Public in and for the State of Washington.
residing at Seattle. My commission expires : _____

SHOP & OFFICE EQUIPMENT

SHOP

PRESS DIE & DIBBER	600.00
MILLER SHEPMASTER 300 MIG WELDER	1500.00
MILLER 22A WIRE FEEDER W/WIRE HOLDER	650.00
WELDING CART	150.00
HULTSMAN WELDING HELMET	110.00
TUBE BENDER	3,500.00
BENDING TABLES	100.00
JET HBS 712 HORIZONTAL & VERTICAL SAND SAW ^{NEW MOTOR}	2,100.00
TUBE EXPANDER MODEL 16K MITEL MATE	175.00
TUBE ROLL STANDS 3ea	500.00
TUBE STORAGE RACKS	900.00
TRAILER 20' FLAT BED BALCO	2,000.00
BANDING MACHINE (STEEL) W/CART	300.00
WELDING BOTTLE CO ² GAS	150.00
2 GRINDERS W/TABLE	250.00
BIG RED DRILL PRESS 16 SPEED	100.00
LIGHT STAND (SHOP)	100.00
CUTTING TORCH	250.00
WORK TABLE	150.00
STEEL WORK TABLE W/VISE	300.00
2ea STORAGE SHELVES	200.00
WORK JIG	500.00
MISC TOOLS - STANDS - CLAMPS - MATS - ETC	500.00
ALL BENDING JIGS (22ea)	1900.00
FRESH AIR SYSTEM	200.00
CHOP SAW	150.00
MILLER MIG GUN	175.00
HAND GRINDER	50.00

SHOP & OFFICE EQUIPMENT CONT.

OFFICE EQUIPMENT

2ea. DESKS	200.00
2ea. FILE CABINETS	150.00
1ea. WORK TABLE	50.00
5ea. CHAIRS	75.00
1ea. OPEN SIGN	90.00
PHONE SYSTEM	200.00
1ea. FAX-COPY-SCAN LEXMARK	<u>110.00</u>

875

18,110

NON-COMPETE AGREEMENT

THIS AGREEMENT, dated this 1st day of October, 2008, is entered into by and between Protect-A-Cover, Inc., a Washington corporation, hereinafter called "Seller", Marc Hall, "Seller's principal" and Orlo Willis or assigns, hereinafter called "Purchaser".

RECITALS

WHEREAS, Purchaser has agreed to purchase certain assets of the business known as Protect-A-Cover located at 12428 Hwy 99, Unit 63, Everett, Washington 98204; and

WHEREAS, as a condition to closing, Purchaser requires Seller and Seller's principal to personally enter into a Non-Compete Agreement upon the terms contained herein;

NOW, THEREFORE, in consideration of the mutual covenants, premises and agreements contained herein, the parties agree as follows:

I. COVENANT NOT TO COMPETE

The undersigned Seller and Seller's principal shall not participate in the ownership or operation of any business, firm, partnership or corporation, that competes, directly or indirectly, with the business being sold, Protect-A-Cover, within a fifty (50) mile radius of the current business location without the express written permission of Purchaser, at any time within Forty Eight (48) months immediately following the above date.

II. INFORMATION

Further, the undersigned Seller and Seller's principal shall not divulge, communicate, use to the detriment of Purchaser, or the benefit of any other business, person, partnership or corporation or otherwise any of the company's confidential information, data, or trade secrets, including customer lists or personnel information.

III. TRAINING

Seller shall train Purchaser in the running of the business on site for a period of three months following the date of closing. Seller shall further be available by telephone for an additional period of nine months after completion of training, no more than one hour per month.

IV. REMUNERATION

The remuneration paid by Purchaser to Seller in consideration of this Non-Compete Agreement shall be the sum of One Thousand and 00/100 Dollars (\$1,000.00) payable immediately.

V. REMEDIES

The undersigned agree that damages for breach of this Non-Compete Agreement will be difficult to determine and, therefore, consent that this covenant may be enforced by temporary or permanent injunction and that the bond therefore, shall not exceed One Thousand and no/100 Dollars (\$1,000.00). Such injunctive relief shall be in addition to, and not in place of, any remedies at law. The undersigned further agree that any profits made by the undersigned, or any of them, in violation of this covenant shall be held by the undersigned in constructive trust for Purchaser.

VI. APPLICABLE LAW

The Agreement shall be governed by the laws of the State of Washington, and shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, successors, legal representatives and/or assigns.

VII. ENTIRE AGREEMENT

This Agreement and the Purchase Agreement constitute the entire agreement between the parties. No modification of this agreement shall be binding unless made in writing and signed by the parties against whom such modification is sought to be enforced.

VIII. INTERPRETATION OF AGREEMENT

The parties agree that the provisions of this Agreement are reasonable. However, should any court ever find that any provision of this Agreement is unreasonable, either in period of time, geographical area, or otherwise, in that event the parties agree that this Agreement shall be interpreted and enforced to the maximum extent that the court deems reasonable.

IX. ATTORNEY'S FEES

In the event any litigation is commenced between the parties, the facts of which situation arise out of or relate to this agreement, the prevailing party in such litigation shall be entitled to recover reasonable attorneys fees plus all costs reasonably incurred in the action whether or not statutory costs.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SELLER:

Protect-A-Cover, Inc.

PURCHASER:

By _____
Marc Hall, its President

Orlo Willis

SELLER'S PRINCIPAL:

Marc Hall

PROMISSORY NOTE

<u>\$85,000.00</u>	<u>October 1, 2008</u>	<u>Everett, Washington</u>
Principal	Date	City State

FOR VALUE RECEIVED, Orlo Willis or assign, hereinafter "Maker" promises to pay to Protect-A-Cover, Inc., hereinafter "Holder" or order at _____

_____, or other such place as may be designated by the Holder from time to time, the principal sum of Eighty Five Thousand and no/100s dollars (\$85,000.00), with interest thereon from October 1, 2008, on the unpaid principal at the rate of Five percent (5.0%) per annum as follows:

- 1. INSTALLMENT PAYMENTS:** Maker shall pay principal and interest installments as follows:

\$500.00 per month from November 1, 2008 and continuing monthly thereafter until September 1, 2011; and \$1,073.65 per month from October 1, 2011 and continuing monthly thereafter until the final due date.
- 2. DUE DATE:** The entire balance of this Note together with any and all interest accrued thereon shall be due and payable in full on October 1, 2018.
- 3. DEFAULT INTEREST:** After maturity, or failure to make any payment, any unpaid principal shall accrue interest at the rate of Eighteen percent (18%) per annum OR the maximum rate allowed by law, whichever is less, during such period of Maker's default under this Note.
- 4. ALLOCATION OF PAYMENTS:** Each payment shall be credited first to any late charge due, second to interest, and the remainder to principal.
- 5. PREPAYMENT:** Maker may prepay all or part of the balance owed under this Note at any time without penalty.
- 6. CURRENCY:** All principal and interest payments shall be made in lawful money of the United States.
- 7. LATE CHARGE:** If Holder receives any installment payment more than Fifteen (15) days after its due date, then a late payment charge of Five percent (5%) of the installment payment shall be added to the scheduled payment.
- 8. DUE ON SALE:** If this Note is secured by a Deed of Trust or any other instrument securing repayment of this Note, the property described in such security instruments may not be sold or transferred without the Holder's consent. Upon breach of this provision, Holder may declare all sums due under this Note immediately due and payable, unless prohibited by applicable law.

Maker (Initials)

Holder (Initials)

- 9. ACCELERATION:** If Maker fails to make any payment owed under this Note, or if Maker defaults under any Deed of Trust or any other instruments securing repayment of this Note, and such default is not cured within Thirty (30) days after written notice of such default, then Holder may, at its option, declare all outstanding sums owed on this Note to be immediately due and payable, in addition to any other rights or remedies that Holder may have under the Deed of Trust or other instruments securing repayment of this Note.
- 10. ATTORNEYS' FEES AND COSTS:** Maker shall pay all costs incurred by Holder in collecting sums due under this Note after a default, including reasonable attorneys' fees, whether or not suit is brought. If

Maker or Holder sues to enforce this Note or obtain a declaration of its rights hereunder, the prevailing party in any such proceeding shall be entitled to recover its reasonable attorneys' fees and costs incurred in the proceeding (including those incurred in any bankruptcy proceeding or appeal) from the non-prevailing party.

11. **WAIVER OF PRESENTMENTS:** Maker waives presentment for payment, notice of dishonor, protest and notice of protest.
12. **NON-WAIVER:** No failure or delay by Holder in exercising Holder's rights under this Note shall be a waiver of such rights.
13. **SEVERABILITY:** If any clause or any other portion of this Note shall be determined to be void or unenforceable for any reason, such determination shall not affect the validity or enforceability of any other clause or portion of this Note, all of which shall remain in full force and effect.
14. **INTEGRATION:** There are no verbal or other agreements which modify or affect the terms of this Note. This Note may not be modified or amended except by written agreement signed by Maker and Holder.
15. **CONFLICTING TERMS:** In the event of any conflict between the terms of this Note and the terms of any Deed of Trust or other instruments securing payment of this Note, the terms of this Note shall prevail.
16. **EXECUTION:** Each Maker executes this Note as a principal and not as a surety. If there is more than one Maker, each such Maker shall be jointly and severally liable under this Note.
17. **COMMERCIAL PROPERTY:** Maker represents and warrants to Holder that the sums represented by this Note are being used for business, investment or commercial purposes, and not for personal, family or household purposes.

Maker (Initials)

Holder (Initials)

ORAL AGREEMENTS: ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, OR TO FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

18. **DEFINITIONS:** The word Maker shall be construed interchangeably with the words Borrower or Payer and the word Holder shall be construed interchangeably with the words Lender or Payee. In this Note, singular and plural words shall be construed interchangeably as may be appropriate in the context and circumstances to which such words apply.
19. **THIS NOTE IS SECURED BY A SECURITY AGREEMENT and UCC-1 STATEMENT OF EVEN DATE.**

Orlo Willis

Maker's address for all notices given by Holder under this Note:
12428 Hwy 99, Unit 63
Everett, WA 98204

Loan Amortization

Analysis		
Amount Financed		\$85,000.00
Annual interest (e.g., 8.25)	5.00	
Duration of loan (in years)	10	
First payment	11/1/2008	
Monthly payments first 3 yrs	\$500.00	
Monthly payments balance	\$1,073.65	
Total number of payments	120	
Yearly principal + interest	\$6,000.00	
Principal amount	\$85,000.00	
Finance charges	(\$25,000.00)	
Total cost	\$60,000.00	

Pmt No.	Payment Date	Beginning Balance	Payment	Interest	Principal	Balance	Accumulative Interest
1	11/1/2008	85,000.00	\$500.00	354.17	145.83	84,854.17	354.17
2	12/1/2008	84,854.17	\$500.00	353.56	146.44	84,707.73	707.73
3	1/1/2009	84,707.73	\$500.00	352.95	147.05	84,560.67	1,060.67
4	2/1/2009	84,560.67	\$500.00	352.34	147.66	84,413.01	1,413.01
5	3/1/2009	84,413.01	\$500.00	351.72	148.28	84,264.73	1,764.73
6	4/1/2009	84,264.73	\$500.00	351.10	148.90	84,115.83	2,115.83
7	5/1/2009	84,115.83	\$500.00	350.48	149.52	83,966.32	2,466.32
8	6/1/2009	83,966.32	\$500.00	349.86	150.14	83,816.18	2,816.18
9	7/1/2009	83,816.18	\$500.00	349.23	150.77	83,665.41	3,165.41
10	8/1/2009	83,665.41	\$500.00	348.61	151.39	83,514.02	3,514.02
11	9/1/2009	83,514.02	\$500.00	347.98	152.02	83,361.99	3,861.99
12	10/1/2009	83,361.99	\$500.00	347.34	152.66	83,209.33	4,209.33
13	11/1/2009	83,209.33	\$500.00	346.71	153.29	83,056.04	4,556.04
14	12/1/2009	83,056.04	\$500.00	346.07	153.93	82,902.11	4,902.11
15	1/1/2010	82,902.11	\$500.00	345.43	154.57	82,747.53	5,247.53
16	2/1/2010	82,747.53	\$500.00	344.78	155.22	82,592.31	5,592.31
17	3/1/2010	82,592.31	\$500.00	344.13	155.87	82,436.45	5,936.45
18	4/1/2010	82,436.45	\$500.00	343.49	156.51	82,279.93	6,279.93
19	5/1/2010	82,279.93	\$500.00	342.83	157.17	82,122.77	6,622.77
20	6/1/2010	82,122.77	\$500.00	342.18	157.82	81,964.94	6,964.94
21	7/1/2010	81,964.94	\$500.00	341.52	158.48	81,806.46	7,306.46
22	8/1/2010	81,806.46	\$500.00	340.86	159.14	81,647.32	7,647.32
23	9/1/2010	81,647.32	\$500.00	340.20	159.80	81,487.52	7,987.52
24	10/1/2010	81,487.52	\$500.00	339.53	160.47	81,327.05	8,327.05
25	11/1/2010	81,327.05	\$500.00	338.86	161.14	81,165.92	8,665.92
26	12/1/2010	81,165.92	\$500.00	338.19	161.81	81,004.11	9,004.11
27	1/1/2011	81,004.11	\$500.00	337.52	162.48	80,841.62	9,341.62
28	2/1/2011	80,841.62	\$500.00	336.84	163.16	80,678.46	9,678.46
29	3/1/2011	80,678.46	\$500.00	336.16	163.84	80,514.62	10,014.62
30	4/1/2011	80,514.62	\$500.00	335.48	164.52	80,350.10	10,350.10
31	5/1/2011	80,350.10	\$500.00	334.79	165.21	80,184.89	10,684.89
32	6/1/2011	80,184.89	\$500.00	334.10	165.90	80,019.00	11,019.00
33	7/1/2011	80,019.00	\$500.00	333.41	166.59	79,852.41	11,352.41
34	8/1/2011	79,852.41	\$500.00	332.72	167.28	79,685.13	11,685.13
35	9/1/2011	79,685.13	\$500.00	332.02	167.98	79,517.15	12,017.15
36	10/1/2011	79,517.15	\$1,073.65	331.32	742.33	78,774.82	12,348.47
37	11/1/2011	78,774.82	\$1,073.65	328.23	745.42	78,029.40	12,676.70
38	12/1/2011	78,029.40	\$1,073.65	325.12	748.53	77,280.87	13,001.82
39	1/1/2012	77,280.87	\$1,073.65	322.00	751.65	76,529.23	13,323.83

40	2/1/2012	76,529.23	\$1,073.65	318.87	754.78	5,774.45	13,642.70
41	3/1/2012	75,774.45	\$1,073.65	315.73	757.92	75,016.53	13,958.43
42	4/1/2012	75,016.53	\$1,073.65	312.57	761.08	74,255.44	14,270.99
43	5/1/2012	74,255.44	\$1,073.65	309.40	764.25	73,491.19	14,580.39
44	6/1/2012	73,491.19	\$1,073.65	306.21	767.44	72,723.75	14,886.60
45	7/1/2012	72,723.75	\$1,073.65	303.02	770.63	71,953.12	15,189.62
46	8/1/2012	71,953.12	\$1,073.65	299.80	773.85	71,179.28	15,489.43
47	9/1/2012	71,179.28	\$1,073.65	296.58	777.07	70,402.21	15,786.01
48	10/1/2012	70,402.21	\$1,073.65	293.34	780.31	69,621.90	16,079.35
49	11/1/2012	69,621.90	\$1,073.65	290.09	783.56	68,838.34	16,369.44
50	12/1/2012	68,838.34	\$1,073.65	286.83	786.82	68,051.52	16,656.27
51	1/1/2013	68,051.52	\$1,073.65	283.55	790.10	67,261.41	16,939.81
52	2/1/2013	67,261.41	\$1,073.65	280.26	793.39	66,468.02	17,220.07
53	3/1/2013	66,468.02	\$1,073.65	276.95	796.70	65,671.32	17,497.02
54	4/1/2013	65,671.32	\$1,073.65	273.63	800.02	64,871.30	17,770.65
55	5/1/2013	64,871.30	\$1,073.65	270.30	803.35	64,067.95	18,040.95
56	6/1/2013	64,067.95	\$1,073.65	266.95	806.70	63,261.25	18,307.90
57	7/1/2013	63,261.25	\$1,073.65	263.59	810.06	62,451.19	18,571.49
58	8/1/2013	62,451.19	\$1,073.65	260.21	813.44	61,637.75	18,831.70
59	9/1/2013	61,637.75	\$1,073.65	256.82	816.83	60,820.92	19,088.52
60	10/1/2013	60,820.92	\$1,073.65	253.42	820.23	60,000.69	19,341.94
61	11/1/2013	60,000.69	\$1,073.65	250.00	823.65	59,177.05	19,591.95
62	12/1/2013	59,177.05	\$1,073.65	246.57	827.08	58,349.97	19,838.52
63	1/1/2014	58,349.97	\$1,073.65	243.12	830.53	57,519.44	20,081.64
64	2/1/2014	57,519.44	\$1,073.65	239.66	833.99	56,685.46	20,321.31
65	3/1/2014	56,685.46	\$1,073.65	236.19	837.46	55,848.00	20,557.50
66	4/1/2014	55,848.00	\$1,073.65	232.70	840.95	55,007.05	20,790.20
67	5/1/2014	55,007.05	\$1,073.65	229.20	844.45	54,162.59	21,019.39
68	6/1/2014	54,162.59	\$1,073.65	225.68	847.97	53,314.62	21,245.07
69	7/1/2014	53,314.62	\$1,073.65	222.14	851.51	52,463.11	21,467.21
70	8/1/2014	52,463.11	\$1,073.65	218.60	855.05	51,608.06	21,685.81
71	9/1/2014	51,608.06	\$1,073.65	215.03	858.62	50,749.44	21,900.84
72	10/1/2014	50,749.44	\$1,073.65	211.46	862.19	49,887.25	22,112.30
73	11/1/2014	49,887.25	\$1,073.65	207.86	865.79	49,021.46	22,320.16
74	12/1/2014	49,021.46	\$1,073.65	204.26	869.39	48,152.07	22,524.42
75	1/1/2015	48,152.07	\$1,073.65	200.63	873.02	47,279.05	22,725.05
76	2/1/2015	47,279.05	\$1,073.65	197.00	876.65	46,402.40	22,922.05
77	3/1/2015	46,402.40	\$1,073.65	193.34	880.31	45,522.09	23,115.39
78	4/1/2015	45,522.09	\$1,073.65	189.68	883.97	44,638.12	23,305.07
79	5/1/2015	44,638.12	\$1,073.65	185.99	887.66	43,750.46	23,491.06
80	6/1/2015	43,750.46	\$1,073.65	182.29	891.36	42,859.10	23,673.35
81	7/1/2015	42,859.10	\$1,073.65	178.58	895.07	41,964.03	23,851.93
82	8/1/2015	41,964.03	\$1,073.65	174.85	898.80	41,065.23	24,026.78
83	9/1/2015	41,065.23	\$1,073.65	171.11	902.54	40,162.69	24,197.89
84	10/1/2015	40,162.69	\$1,073.65	167.34	906.31	39,256.38	24,365.23
85	11/1/2015	39,256.38	\$1,073.65	163.57	910.08	38,346.30	24,528.80
86	12/1/2015	38,346.30	\$1,073.65	159.78	913.87	37,432.43	24,688.58
87	1/1/2016	37,432.43	\$1,073.65	155.97	917.68	36,514.75	24,844.55
88	2/1/2016	36,514.75	\$1,073.65	152.14	921.51	35,593.24	24,996.69
89	3/1/2016	35,593.24	\$1,073.65	148.31	925.34	34,667.90	25,145.00
90	4/1/2016	34,667.90	\$1,073.65	144.45	929.20	33,738.70	25,289.45
91	5/1/2016	33,738.70	\$1,073.65	140.58	933.07	32,805.62	25,430.02
92	6/1/2016	32,805.62	\$1,073.65	136.69	936.96	31,868.66	25,566.71
93	7/1/2016	31,868.66	\$1,073.65	132.79	940.86	30,927.80	25,699.50
94	8/1/2016	30,927.80	\$1,073.65	128.87	944.78	29,983.02	25,828.37
95	9/1/2016	29,983.02	\$1,073.65	124.93	948.72	29,034.29	25,953.29
96	10/1/2016	29,034.29	\$1,073.65	120.98	952.67	28,081.62	26,074.27
97	11/1/2016	28,081.62	\$1,073.65	117.01	956.64	27,124.98	26,191.28
98	12/1/2016	27,124.98	\$1,073.65	113.02	960.63	26,164.35	26,304.30
99	1/1/2017	26,164.35	\$1,073.65	109.02	964.63	25,199.72	26,413.32
100	2/1/2017	25,199.72	\$1,073.65	105.00	968.65	24,231.06	26,518.31

101	3/1/2017	24,231.06	\$1,073.65	100.96	972.69	23,258.38	26,619.28
102	4/1/2017	23,258.38	\$1,073.65	96.91	976.74	22,281.64	26,716.19
103	5/1/2017	22,281.64	\$1,073.65	92.84	980.81	21,300.83	26,809.03
104	6/1/2017	21,300.83	\$1,073.65	88.75	984.90	20,315.93	26,897.78
105	7/1/2017	20,315.93	\$1,073.65	84.65	989.00	19,326.93	26,982.43
106	8/1/2017	19,326.93	\$1,073.65	80.53	993.12	18,333.81	27,062.96
107	9/1/2017	18,333.81	\$1,073.65	76.39	997.26	17,336.55	27,139.35
108	10/1/2017	17,336.55	\$1,073.65	72.24	1,001.41	16,335.14	27,211.59
109	11/1/2017	16,335.14	\$1,073.65	68.06	1,005.59	15,329.55	27,279.65
110	12/1/2017	15,329.55	\$1,073.65	63.87	1,009.78	14,319.77	27,343.52
111	1/1/2018	14,319.77	\$1,073.65	59.67	1,013.98	13,305.79	27,403.19
112	2/1/2018	13,305.79	\$1,073.65	55.44	1,018.21	12,287.58	27,458.63
113	3/1/2018	12,287.58	\$1,073.65	51.20	1,022.45	11,265.13	27,509.83
114	4/1/2018	11,265.13	\$1,073.65	46.94	1,026.71	10,238.42	27,556.77
115	5/1/2018	10,238.42	\$1,073.65	42.66	1,030.99	9,207.43	27,599.43
116	6/1/2018	9,207.43	\$1,073.65	38.36	1,035.29	8,172.14	27,637.79
117	7/1/2018	8,172.14	\$1,073.65	34.05	1,039.60	7,132.54	27,671.84
118	8/1/2018	7,132.54	\$1,073.65	29.72	1,043.93	6,088.61	27,701.56
119	9/1/2018	6,088.61	\$1,073.65	25.37	1,048.28	5,040.33	27,726.93
120	10/1/2018	5,040.33	\$5,061.33	21.00	5,040.33	(0.00)	27,747.93

SECURITY AGREEMENT

This Security Agreement ("this Agreement") is made this date by and between Orlo Willis or assigns ("Debtor") and Protect-A-Cover, Inc. ("Secured Party").

Section 1. Grant of Security Interest. Debtor, in consideration of the indebtedness described in this Agreement, hereby grants, conveys, and assigns to Secured Party for security all of Debtor's existing and future right, title and interest in, to and under the property listed in Section 2 of this Agreement. This security interest is granted to the Secured Party to (a) secure the payment of the indebtedness evidenced by Debtor's note payable to Secured Party dated October 1, 20008 ("Note") in the principal sum of \$85,000.00 with interest thereon, and all renewals, extensions, and modifications of the Note; and (b) the performance of the agreements and warranties of Debtor contained in this Agreement.

Section 2. Property. The property subject to the security interest (the Collateral) is listed on the attached Exhibit A. This Security Agreement also covers all replacements, additions and proceeds of the property listed on Exhibit A.

Section 3. Covenants of Debtor. The Debtor agrees and covenants as follows:

3.1 Payment of Principal and Interest. The Debtor shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, any prepayment and late charges provided in the Note, and all other sums secured by this Agreement.

3.2 Corporate Existence. The Debtor is a corporation duly organized and existing under the laws of the state of Washington and is duly qualified in every other state in which it is doing business.

3.3 Corporate Authority. The execution, delivery, and performance of this Agreement, and the execution and payment of the Note are within Debtor's corporate powers, have been duly authorized, and are not in contravention of law or the terms of the Debtor's articles of incorporation and bylaws, or of any indenture, agreement, or undertaking to which the Debtor is a party or by which it is bound.

3.4 Ownership of Collateral. The Debtor is the sole owner of the Collateral and will defend the Collateral against the claims and demands of all other persons at any time claiming the same or any interest therein.

Section 4. Removal of Collateral Prohibited. The Debtor shall not remove the Collateral from its premises without the written consent of the Secured Party.

Section 5. Perfection of Security Interest. The Debtor agrees to execute and file financing statements, and do whatever may be necessary under the applicable Uniform Commercial Code in the state where the Collateral is located, to perfect and continue the Secured Party's interest in the Collateral, all at the Debtor's expense.

Section 6. Taxes and Assessments. The Debtor will pay or cause to be paid promptly when due all taxes and assessments on the Collateral, this Agreement, and the Note. The Debtor may, however, withhold payment of any tax assessment or claim if a good faith dispute exists as to the obligation to pay.

Section 7. Insurance. The Debtor shall have and maintain, or cause to be maintained, insurance at all times with respect to all Collateral except accounts receivable, against such risks as the Secured Party may reasonably require, in such form, for such periods, and written by such companies as may be satisfactory to the Secured Party. All policies of insurance shall have endorsed a loss payable clause acceptable to the Secured Party and/or such other endorsements as the Secured Party may from time to time request, and the Debtor will promptly provide the Secured Party with the original policies or certificates of such insurance. The Debtor shall promptly notify the Secured Party of any loss or damage that may occur to the Collateral. The Secured Party is hereby authorized to make proof of loss if it is not made promptly by the Debtor. All proceeds of any insurance on the Collateral shall be held by the Secured Party as a part of the Collateral. Such proceeds shall be paid out from time to time upon order of the Debtor for the purpose of paying the reasonable cost of repairing or restoring the property damaged. Any proceeds that have not been so paid out within 120 days following their receipt by the Secured Party shall be applied to the prepayment of principal on the Note. In the event of failure to provide insurance as herein provided, the Secured Party may, at the Secured Party's option, provide such insurance at the Debtor's expense.

Section 8. Application of Payments. Unless applicable law provides otherwise, all payments received by the Secured Party from the Debtor under the Note, and/or this Agreement shall be applied by the Secured Party in the following order of priority: (i) interest payable on the Note in the manner provided therein; (ii) principal of the Note in the manner provided therein; and (iii) any other sums secured by this Agreement in such order as the Secured Party, at the Secured Party's option, may determine.

Section 9. Protection of Secured Party's Security. If the Debtor fails to perform the covenants and agreements contained or incorporated in this Agreement, or if any action or proceeding is commenced which affects the Collateral or title thereto or the interest of the Secured Party therein, including, but not limited to eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then the Secured Party, at the Secured Party's option, may make such appearance, disburse such sums, and take such action as the Secured Party deems necessary, in its sole discretion, to protect the Secured Party's interest, including but not limited to (i) disbursement of attorneys' fees, (ii) entry upon the Debtor's property to make repairs to the Collateral, and (iii) procurement of satisfactory insurance. Any amounts disbursed by Secured Party pursuant to this Section, with interest thereon, shall become additional indebtedness of the Debtor secured by this Agreement. Unless the Debtor and the Secured Party agree to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the default rate stated in the Note unless collection from the Debtor of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from the Debtor under applicable law. Nothing contained in this Section shall

require the Secured Party to incur any expense or take any action.

Section 10. Inspection. The Secured Party may make or cause to be made reasonable entries upon and inspections of the Debtor's premises to inspect the Collateral.

Section 11. Forbearance by Secured Party Not a Waiver. Any forbearance by the Secured Party in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy. The acceptance by the Secured Party of payment of any sum secured by this Agreement after the due date of such payment shall not be a waiver of the Secured Party's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes, rents or other liens or charges by the Secured Party shall not be a waiver of the Secured Party's right to accelerate the maturity of the indebtedness secured by this Agreement, nor shall the Secured Party's receipt of any awards, proceeds or damages as provided in this Agreement operate to cure or waive the Debtor's default in payment of sums secured by this Agreement.

Section 12. Uniform Commercial Code Security Agreement. This Agreement is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the items specified above as part of the Collateral which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and the Debtor hereby grants the Secured Party a security interest in said items. The Debtor agrees that the Secured Party may file any appropriate document in the appropriate index as a financing statement for any of the items specified above as part of the Collateral. In addition, the Debtor agrees to execute and deliver to the Secured Party, upon the Secured Party's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Agreement in such form as the Secured Party may require to perfect a security interest with respect to said items. The Debtor shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements the Secured Party may reasonably require. Without the prior written consent of the Secured Party, the Debtor shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in the Collateral, including replacements and additions thereto. Upon the occurrence of an event of default, the Secured Party shall have the remedies of a secured party under the Uniform Commercial Code and, at the Secured Party's option, may also invoke the other remedies provided in this Agreement as to such items. In exercising any of said remedies, the Secured Party may proceed against the items of real property and any items of personal property specified above as part of the Collateral separately or together and in any order whatsoever, without in any way affecting the availability of the Secured Party's remedies under the Uniform Commercial Code or of the other remedies provided in this Agreement.

Section 13. Events of Default. The Debtor shall be in default under this Agreement when any of the following events or conditions occurs:

13.1 The Debtor shall be in default under the Note.

13.2 The Debtor fails to comply with any term, obligation, covenant, or condition contained in this Agreement, within 10 days after receipt of written notice from the Secured Party demanding such compliance.

13.3 Any warranty, covenant, or representation made to the Secured Party by the Debtor under this Agreement, proves to have been false in any material respect when made or furnished.

13.4 Any levy, seizure, attachment, lien, or encumbrance of or on the Collateral which is not discharged by the Debtor within 10 days or, any sale, transfer, or disposition of any interest in the Collateral, other than in the ordinary course of business, without the written consent of the Secured Party.

Section 14. Acceleration in Case of Borrower's Insolvency. If the Debtor shall voluntarily file a petition under the federal Bankruptcy Act, as such Act may from time to time be amended, or under any similar or successor federal statute relating to bankruptcy, insolvency, arrangements or reorganizations, or under any state bankruptcy or insolvency act, or file an answer in an involuntary proceeding admitting insolvency or inability to pay debts, or if the Debtor shall be adjudged a bankrupt, or if a trustee or receiver shall be appointed for the Debtor's property, or if the Collateral shall become subject to the jurisdiction of a federal bankruptcy court or similar state court, or if the Debtor shall make an assignment for the benefit of its creditors, or if there is an attachment, receivership, execution or other judicial seizure, then the Secured Party may, at the Secured Party's option, declare all of the sums secured by this Agreement to be immediately due and payable without prior notice to the Debtor, and the Secured Party may invoke any remedies permitted by this Agreement. Any attorneys' fees and other expenses incurred by the Secured Party in connection with the Debtor's bankruptcy or any of the other events described in this Section shall be additional indebtedness of the Debtor secured by this Agreement.

Section 15. Rights of Secured Party.

15.1 Upon default or at any time before default when the Secured Party reasonably feels insecure, the Secured Party may require the Debtor to assemble the Collateral and make it available to the Secured Party at the place to be designated by the Secured Party which is reasonably convenient to both parties. The Secured Party may sell all or any part of the Collateral as a whole or in parcels either by public auction, private sale, or other method of disposition. The Secured Party may bid at any public sale on all or any portion of the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of the type customarily sold on a recognized market, the Secured Party shall give the Debtor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition of the Collateral is to be made, and notice given at least 10 days before the time of the sale or other disposition shall be conclusively presumed to be reasonable. A public sale in the following fashion shall be conclusively presumed to be reasonable:

15.1.1 Notice shall be given at least 10 days before the date of sale by publication once in a newspaper of general circulation published in the county in which the sale is to be held;

15.1.2 The sale shall be held in a county in which the Collateral or any part is located or in a county in which the Debtor has a place of business;

15.1.3 Payment shall be in cash or by certified check immediately following the close of the sale;

15.1.4 The sale shall be by auction, but it need not be by a professional auctioneer;

15.1.5 The Collateral may be sold as is and without any preparation for sale.

15.2 Notwithstanding any provision of this Agreement, the Secured Party shall be under no obligation to offer to sell the Collateral. In the event the Secured Party offers to sell the Collateral, the Secured Party will be under no obligation to consummate a sale of the Collateral if, in its reasonable business judgment, none of the offers received by it reasonably approximates the fair value of the Collateral.

15.3 In the event the Secured Party elects not to sell the Collateral, the Secured Party may elect to follow the procedures set forth in the Uniform Commercial Code for retaining the Collateral in satisfaction of the Debtor's obligation, subject to the Debtor's rights under such procedures.

15.4 In addition to the rights under this Agreement, in the event of a default by the Debtor, the Secured Party shall be entitled to the appointment of a receiver for the Collateral as a matter of right whether or not the apparent value of the Collateral exceeds the outstanding principal amount of the Note and any receiver appointed may serve without bond. Employment by the Secured Party shall not disqualify a person from serving as receiver.

Section 16. Waiver of Marshalling. Notwithstanding the existence of any other security interest in the Collateral held by the Secured Party or by any other party, the Secured Party shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided by this Agreement. The Secured Party shall have the right to determine the order in which any or all portions of the indebtedness secured by this Agreement are satisfied from the proceeds realized upon the exercise of the remedies provided in this Agreement. The Debtor, any party who consents to this Agreement, and any party who now or hereafter acquires a security interest in the Collateral and who has actual or constructive notice of this Agreement, hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or by this Agreement.

Section 17. Remedies Cumulative. Each remedy provided in this Agreement is distinct and cumulative to all other rights or remedies under this Agreement and/or the Note or afforded by law or equity, and may be exercised concurrently, independently, or successively, in any order whatsoever.

Section 18. Notices. Any notices permitted or required under this Agreement shall be deemed given upon the date of personal delivery or 48 hours after deposit in the United States mail, postage fully prepaid, return receipt requested, addressed as follows:

Secured Party

Protect-A-Cover, Inc.

Debtor

Orlo Willis

12428 Hwy 99 Unit 63

Everett, WA 98204

or at any other address as any party may, from time to time, designate by notice given in compliance with this Section.

Section 19. Law Governing. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

Section 20. Titles and Captions. All section titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the context nor effect the interpretation of this Agreement.

Section 21. Entire Agreement. This Agreement and the Note and other agreements executed contemporaneously hereto contain the entire understanding between and among the parties and supersedes any prior understandings and agreements among them respecting the subject matter of this Agreement.

Section 22. Agreement Binding. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

Section 23. Further Action. The parties hereto shall execute and deliver all documents, provide all information and take or forbear from all such action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 24. Savings Clause. If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

Dated: _____

Secured Party:

Debtor:

Protect-A-Cover, Inc.

By _____

Marc Hall, its President

Orlo Willis



Secretary of State

Marc Hall

425 742-5358

Department of Licensing

4

Profit Corporation

Completed Annual Report 2

Print

PRINT THIS SCREEN AND RETAIN IT FOR YOUR RECORDS.

Your annual report has been completed and submitted. Your renewal is not complete until payment is received from your credit card provider. Please allow 14 days to receive your license document in the mail. If you have any questions contact us at mls@dol.wa.gov.

Completed Date and Time:

Dec 18 2008 6:19PM (Pacific Time Zone)

Transaction Number:

2008 353 5462

(Refer to this number if you have questions about this application.)

Credit Card Approval Number:

2296631460003322364262

Business Entity Information:

PROTECT - A - COVER, INC.

Profit Corporation

The license will be mailed to the registered agent.

MARC F HALL

12428 HWY 99 BAY 63

EVERETT, Washington 98204

Unified Business ID:

600 553 079

State of Incorporation:

Washington

Date of Incorporation:

09/12/1984

Expiration Date:

09/30/2009

Annual Report:

Principal place of business:

2205 - 124th St SE
Everett, Washington 98208

Telephone Number:

(425) 338 9663

Nature of your business:

Retail Trade

Does your company own land, buildings, or other real property in Washington?

no

If Yes, has there been a change of 50% or more of the ownership of stock or other interest in the company during the last 12 months?

Confirmed Governing People:

Name

Address

Title(s)

MARC F HALL

2205 - 124th St SE
EVERETT, Washington
98208President, Treasurer, Chairman of the
BoardJACQUELINE J
HALL2205 - 124th St SE
EVERETT, Washington
98208

Vice President, Secretary

Fee Statement:

Domestic Profit Corporation	\$50.00
Renewal Application Fee	\$9.00
Delinquent Fee	\$25.00

Total Fees \$84.00

Previous Payment (\$0.00)

Total Amount Billed to Your Visa \$84.00

Person Completing:

Completed by: James Conlin (Other)

Print

Continue

Exit



Washington

Secretary of State

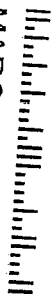
SAM REED

CORPORATIONS DIVISION

James M. Dolliver Building

801 Capitol Way South • PO Box 40234

Olympia, WA 98504-0234

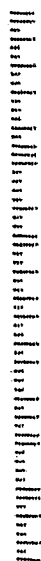


MARC HALL

12428 HWY 99 BAY 63

EVERETT WA 98204

9820468552 0064



UNITED STATES POSTAGE
\$00.42
02 15
0004375153
JAN 29 2009
MAILED FROM ZIP CODE 98504
PITNEY BOWES

PROTECT - A - COVER, INC.
C/O MARC F HALL
12428 HWY 99 BAY 63
EVERETT WA 98204

003148

DETACH BEFORE POSTING



STATE OF
WASHINGTON

MASTER LICENSE SERVICE
P.O. Box 9034 • Olympia, WA 98507-9034 • (360) 664-1400
REGISTRATIONS AND LICENSES

Unified Business ID #: 600 553 079
Business ID #: 1

Expires: 09-30-2009

PROTECT - A - COVER, INC.
12428 HWY 99 BAY 63
EVERETT WA 98204

Domestic Profit Corporation
Renewed by Authority of Secretary of State

FILED
SECRETARY OF STATE
SAM REED

OCTOBER 31, 2008
STATE OF WASHINGTON

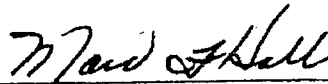
10/31/08 1392880-001
\$30.00 K #1008
tid:1595920

ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION
OF
PROTECT-A-COVER, INC.

The undersigned President of Protect-A-Cover, Inc., a Washington corporation, hereby executes and files the following amendment to the corporation's Articles of Incorporation, pursuant to RCW 23B.10.030, as follows:

1. The name of the corporation is Protect-A-Cover, Inc..
2. The name of the corporation is hereby changed to **MH-PAC, Inc.**
3. This amendment was adopted by unanimous consent of the board of directors and all shareholders effective September 30, 2008.

Dated effective September 30, 2008



Marc Hall, President
(also sole director and sole shareholder)

EXHIBIT B



WSBA

OFFICE OF DISCIPLINARY COUNSEL

Acknowledgment That We Have Received a Grievance

Date: 3/16/2009 WSBA File: 09-00378

To the Grievant:

We received your grievance against a lawyer and opened a file with the file number indicated above. We are requesting a written response from the lawyer. You generally have a right to receive a copy of any response submitted by the lawyer. After we review the lawyer's response, if it appears that the conduct you describe is not within our jurisdiction, does not violate the Supreme Court's Rules of Professional Conduct (RPC), or does not warrant further investigation, we will write you a letter to tell you that. If we begin an investigation of your grievance, we will give you our investigator's name and telephone number. If, as a result of an investigation and formal proceeding, the lawyer is found to have violated the RPC, either the Washington State Bar Association Disciplinary Board or the Supreme Court may sanction the lawyer.

Our authority and resources are limited. We are not a substitute for protecting your legal rights. We do not and cannot represent you in legal proceedings. You should consider contacting another lawyer to represent you in any ongoing civil or criminal case or to determine whether other remedies may be available to you. If you believe criminal laws have been broken, you should contact your local police department or prosecuting attorney. There are time deadlines for both civil and criminal proceedings, so you should not wait to take other action.

Please read the enclosed form for additional information about the grievance process. Our office handles a large number of files. We urge you to communicate with us only in writing until we complete our initial review of your grievance. You should hear from us again within four weeks.


Request for Lawyer Response

To the Lawyer:

Although we have reached no conclusions on the merits of the grievance that has been filed against you, we are requesting your preliminary written response postmarked or delivered to us within two (2) weeks of the date of this letter. Please provide any information you believe is relevant. You must personally assure that all records, files, and accounts related to the grievance are retained until you receive written authorization from us, or until this matter is concluded and all possible appeal periods have expired.

Absent special circumstances, and unless you provide us with reasons to do otherwise, we will forward a copy of your response to the grievant. If the grievant is not your client, or you are providing personal information, please clearly identify any information that you believe we should withhold and we will forward a copy of your redacted response to the grievant, informing the grievant that he or she is receiving a redacted copy. Decisions to withhold information may be considered by a review committee of the Disciplinary Board. The grievance process is governed by the Rules for Enforcement of Lawyer Conduct (ELC). ELC 5.3(e), a copy of which is enclosed with related rules, sets out the obligations of a respondent lawyer, including the duty to promptly file a written response. If you believe further action should be deferred because of pending litigation, please so indicate and explain the basis for your request under ELC 5.3(c)

Sincerely,


Felice P. Congalton
Senior Disciplinary Counsel

Enclosure: Lawyer Discipline in Washington
Original: Grievant: Rick Connelly
cc: Lawyer: James J. Conlin
(with enclosure, ELC form, and copy of grievance)



EXHIBIT C



WSBA

OFFICE OF DISCIPLINARY COUNSEL

Felice P. Congalton
Senior Disciplinary Counsel

April 14, 2009

James J. Conlin
Attorney at Law
1307 Norpoint Way NE
Tacoma, WA 98422-3034

Re: WSBA File: 09-00378
Grievance filed by Rick Connelly

Dear Mr. Conlin:

We asked you to provide a written response to the above referenced grievance. To the best of our knowledge, your response, which is required by Rule 5.3(e) of the Rules for Enforcement of Lawyer Conduct (ELC), has not been received.

Under ELC 5.3(e), you must file a written response to the allegations of this grievance within ten days after service of this letter, i.e., on or before **April 27, 2009**. If we do not receive your response within the ten-day period, we will subpoena you for a deposition. If we must serve a subpoena, you will be liable for the costs of the deposition, including service of process, and attorney fees of \$500. ELC 5.3(f)(2). You should be aware that failing to respond is, in itself, grounds for discipline and may subject you to interim suspension under ELC 7.2(a)(3).

Sincerely,

Felice P. Congalton
Senior Disciplinary Counsel

cc: Rick Connelly

CERTIFICATE OF SERVICE

I CERTIFY THAT I CAUSED THE FOREGOING LETTER TO BE MAILED TO THE LAWYER NAMED ABOVE AT 1307 NORPOINT WAY NE, TACOMA, WA 98422-3034, CERTIFIED (RETURN RECEIPT NO. 7008 0500 0002 0255 9883) MAIL, POSTAGE PREPAID, ON APRIL 14, 2009.

FELICE P. CONGALTON
SENIOR DISCIPLINARY COUNSEL



COMPLETE THIS SECTION ON DELIVERY

1. Article Addressed to:

James J. Conlin
1307 Norpoint WYNE
TACOMA, WA 98422-3034

☐ Agent

17/59

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

☐ Yes ☐ No

☐ Certified Mail ☐ Express Mail

☐ C.O.D.

..... **Delivered Delivery, (Extra Fee)**

☐ Yes

7008 0500 0002 0255 9883

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

7008 0500 0002 0255 9883

Total Postage & Fees	\$
(Endorsement Required)	
(Restricted Delivery Fee)	
(Return Receipt Fee)	
(Certified Fee)	
Postage	\$

Postmark Here 4/14

Postmark
Here

7/7

OFFICIAL USE

For delivery information visit our website at www.usps.com®

(Domestic Mail Only; No Insurance Coverage Provided)

U.S. Postal ServiceTM CERTIFIED MAILTM RECEIPT

James T. Conlin
1307 Newport Way NE
Tacoma, WA 98422-3834

EXHIBIT D

LAW OFFICE OF JAMES CONLIN

1307 NORPOINT WAY NE
TACOMA, WASHINGTON 98422
(206)551-8852 FAX (206)414-0551

FACSIMILE TRANSMITTAL SHEET

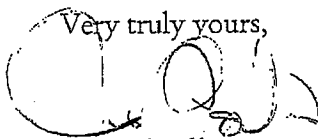
TO:	FROM:
Felice P. Congalton	James Conlin
COMPANY:	DATE:
WSBA	April 27, 2009
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
(206) 727-8325	2
PHONE NUMBER:	RE:
	WSBA #09-00378

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Dear Ms. Congalton:

I have attached my response in regard to the above matter. Please let me know if you need anything else from me.

Very truly yours,

James Conlin

RECEIVED
APR 27 2009
WSBA OFFICE OF
DISCIPLINARY COUNSEL

The contents of the enclosed facsimile represent confidential attorney work product. If it is received by someone other than the person to whom it is directed above, said person is instructed to promptly contact the sender at the number listed above and destroy it unread.

Law Office

*James Conlin**JC*

April 27, 2009

Felice P. Congalton
WSBA
Via Facsimile #206 727 8325

Re: WSBA #09-00378

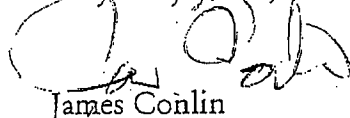
Dear Ms. Congalton:

I have reviewed the allegations contained in the above grievance and do not dispute the broad outlines of the allegations. In short, I was tasked with handling the closing of a business owned by Marc Hall. As part of that closing, I was required to pay off a loan from City Bank. I inadvertently misdirected the funds and have to date been unable to recover them. As soon as I was aware of the problem, I took steps to protect Mr. Hall from my mistake. I made regular payments on the outstanding loan while I attempted to recover funds. At one point, I did receive a check to cover the majority of the missing funds, but payment on that check was stopped.

I spoke with Mr. Hall approximately once a month to update him on progress and assure him that I was keeping the loan current. Also, I have forwarded closing documents to Mr. Hall. Recently, he informed me that the loan was due to expire in April. I was able to collect enough funds to pay the final payoff amount by April 15, 2009. I was then informed that an additional \$62.00 was owed for lien releases. I have not yet paid that amount but will as soon as I can.

I have always admitted my fault and made it clear that I was doing all that I could to protect Mr. Hall. I would hope that once the final \$62 is paid, this matter can be concluded.

Very truly yours,


James Conlin

EXHIBIT

D

tabbles

1307 Norpoint Way NE
Tacoma, Washington 98422
Telephone - (206) 551-8852

EXHIBIT E

1
2
3
4
5 BEFORE THE
6 DISCIPLINARY BOARD
7 OF THE
8 WASHINGTON STATE BAR ASSOCIATION

9 In re

10 James J. Conlin,
11 Lawyer (Bar No. 20931).

WSBA File No. 09-00378

SUBPOENA FOR DEPOSITION AND FOR
THE PRODUCTION OF DOCUMENTS

12 THE STATE OF WASHINGTON TO: James J. Conlin

13 YOU ARE HEREBY COMMANDED under Rule 5.5 of the Rules for Enforcement of
14 Lawyer Conduct (ELC) to appear at the offices of Byers & Anderson, 2208 North 30th Street,
15 Suite 202, Tacoma, WA 98403 on June 11, 2009 at 10:00 a.m. to testify in investigatory
16 proceedings being conducted by the Washington State Bar Association. The testimony will be
17 recorded by a certified court reporter.

18 YOU ARE FURTHER COMMANDED to bring the following with you at the above
19 time and place:

20 1. Your complete file(s) and whatever documents may be in your possession or
21 control relating to Protect-A-Cover, Inc., Marc F. Hall, and/or Orlo Willis.

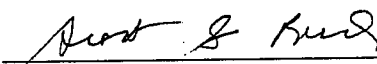
22 2. All financial records relating to any funds received or disbursed in connection
23 with Protect-A-Cover, Inc., Marc F. Hall, and/or Orlo Willis. This includes, but is not limited
24 to, the following: (a) bank statements, (b) copies of deposit slips and deposited items (front and



back), (c) cancelled checks (front and back) and wire transfer records, (d) individual client ledger records, (e) copies of statements and/or accountings to clients or third parties showing the disbursement of funds to them or on their behalf, and (f) copies of invoices, bills or other documents supporting all disbursements or transfers.

3. All of the required trust account records described in Rule 1.15B(a) of the Rules of Professional Conduct relating to Protect-A-Cover, Inc., Marc F. Hall, and/or Orlo Willis.

Dated this 19th day of May, 2009.


Scott G. Busby, Bar No. 17522
Disciplinary Counsel

CR 45 Sections (c) and (d):

(c) **Protection of Persons Subject to Subpoenas.**

- (1) A party or an attorney responsible for the issuance and service of a subpoena shall take reasonable steps to avoid imposing undue burden or expense on a person subject to that subpoena. The court shall enforce this duty and impose upon that party or attorney in breach of his duty an appropriate sanction, which may include, but is not limited to, lost earnings and a reasonable attorney's fee.
- (2)(A) A person commanded to produce and permit inspection and copying of designated books, papers, documents or tangible things, or inspection of premises need not appear in person at the place of production or inspection unless commanded to appear for deposition, hearing or trial.
- (B) Subject to paragraph (d)(2) of this rule, a person commanded to produce and permit inspection and copying may, within 14 days after service of subpoena or before the time specified for compliance if such time is less than 14 days; after service, serve upon the party or attorney designated in the subpoena written objection to inspection or copying of any or all of the designated materials or of the premises. If objection is made, the party serving the premises except pursuant to an order of the court by which the subpoena shall not be entitled to inspect and copy the materials or inspect the premises except pursuant to an order of the court by which the subpoena was issued. If objection has been made, the party serving the subpoena may, upon notice to the person commanded to produce and all other parties, move at any time for an order to compel the production. Such an order to compel production shall protect any person who is not a party or an officer of a party from significant expense resulting from the inspection and copying commanded.
- (3)(A) On timely motion, the court by which a subpoena was issued shall quash or modify the subpoena if it:
 - (i) fails to allow reasonable time for compliance;
 - (ii) fails to comply with RCW 5.56.010 or subsection (e)(2) of this rule;
 - (iii) requires disclosure of privileged or other protected matter and no exception or waiver applies; or
 - (iv) subjects a person to undue burden, provided that, the court may condition denial of the motion upon a requirement that the subpoenaing party advance the reasonable cost of producing the books, papers, documents, or tangible things.
- (B) If a subpoena
 - (i) requires disclosure of a trade secret or other confidential research, development, or commercial information, or
 - (ii) requires disclosure of an unretained expert's opinion or information not describing specific events or occurrences in dispute and resulting from the expert's study made not at the request of any party, the court may, to protect a person subject to or affected by the subpoena, quash or modify the subpoena or, if the party in whose behalf the subpoena is issued shows a substantial need for the testimony or material that cannot be otherwise met without undue hardship and assures that the person to whom the subpoena is addressed will be reasonably compensated, the court may order appearance or production only upon specified conditions.

(d) **Duties in Responding to Subpoena.**

- (1) A person responding to a subpoena to produce documents shall produce them as they are kept in the usual course of business or shall organize and label them to correspond with the categories in the demand.
- (2) When information subject to a subpoena is withheld on a claim that it is privileged or subject to protection as trial preparation materials, the claim shall be made expressly and shall be supported by a description of the nature of the documents, communications, or things not produced that is sufficient to enable the demanding party to contest the claim.



WSBA

OFFICE OF DISCIPLINARY COUNSEL

Scott G. Busby
Disciplinary Counsel

direct line: (206) 733-5998
fax: (206) 727-8325

May 19, 2009

HAND DELIVERED WITH SUBPOENA DUCES TECUM

James J. Conlin
1307 Norpoint Way NE
Tacoma, WA 98422-3034

Re: Grievance of Rick Connelly against lawyer James J. Conlin
WSBA File No. 09-00378

Dear Mr. Conlin:

Enclosed is a subpoena compelling your attendance at a deposition in accordance with Rule 5.5 of the Rules for Enforcement of Lawyer Conduct (ELC). The deposition will take place on June 11, 2009 at 10:00 a.m. at the offices of Byers & Anderson, 2208 North 30th Street, Suite 202, Tacoma, WA 98403. Please review the subpoena carefully and be sure to produce all the required documents so that we can avoid any delay in the completion of this investigation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott G. Busby".

Scott G. Busby
Disciplinary Counsel

Enclosure

BEFORE THE DISCIPLINARY BOARD OF THE
WASHINGTON STATE BAR ASSOCIATION

In Re:

JAMES J. CONLIN,

Lawyer (Bar No. 20931).

WSBA FILE NO. 09-00378

AFFIDAVIT OF SERVICE

State of Washington)

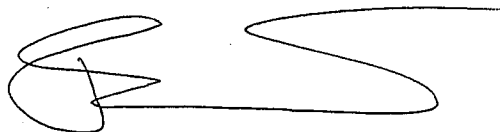
County of King S/S)

The undersigned, being first duly sworn, on oath deposes and says:

That the undersigned is now and at all times mentioned herein was a citizen of the United States and resident of the State of Washington, over the age of eighteen years, not a party to or interested in the above entitled action, and competent to be a witness therein.

That on **May 20, 2009**, at **4:45 PM**, at the address of **1307 Norpoint Way NE**, Tacoma, Washington, affiant duly served **Subpoena Duces Tecum** and **Letter** in the above entitled action upon **James J. Conlin** by then and there personally delivering true and correct copies thereof into the hands of and leaving same with **James J. Conlin** (36, white, male, 5'10", medium build) named Lawyer.

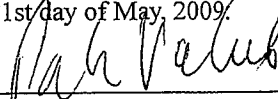
		Each	Total
Service	1	\$15.00	\$15.00
Mileage/Trips	1	\$55.00	\$55.00
Affidavit	1	\$15.00	\$15.00
Miscellaneous		\$0.00	\$0.00
Miscellaneous		\$0.00	\$0.00
			\$85.00



D. Audino King County #9402780

Subscribed and sworn to me this

21st day of May, 2009.



Peter A. Valente- Notary Public in and for the
State of Washington, residing at Seattle.

Commission expires June 7, 2012

AFFIDAVIT OF SERVICE - 1

SEATTLE LEGAL MESSENGER SERVICES, LLC
711 6TH AVENUE NORTH #100
SEATTLE, WA 98109
(206) 443-0885

EXHIBIT F



WSBA

OFFICE OF DISCIPLINARY COUNSEL

Scott G. Busby
Disciplinary Counsel

direct line: (206) 733-5998
fax: (206) 727-8325

June 10, 2009

**BY UNITED STATES MAIL
AND
BY FAX TO (206) 414-0551 AND (206) 829-2419**

James J. Conlin
1307 Norpoint Way NE
Tacoma, WA 98422-3034

Re: Grievance of WSBA against lawyer James J. Conlin
WSBA File No. 09-00424

Dear Mr. Conlin:

On May 20, 2009, you were served with a subpoena duces tecum compelling your attendance at a deposition tomorrow, June 11, 2009. The subpoena was issued in accordance with Rule 5.5 of the Rules for Enforcement of Lawyer Conduct (ELC).

This afternoon you asked me to reschedule your deposition. By telephone, we agreed to reschedule your deposition to **Wednesday, June 24, 2009 at 10:00 a.m.** at the offices of Byers and Anderson, 2208 North 30th Street, Suite 202, Tacoma, Washington 98403-3360.

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott G. Busby".

Scott G. Busby
Disciplinary Counsel

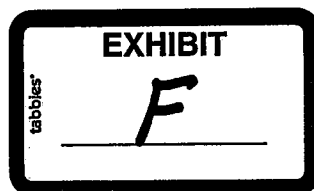


EXHIBIT G



WSBA

OFFICE OF DISCIPLINARY COUNSEL

Scott G. Busby
Disciplinary Counsel

direct line: (206) 733-5998
fax: (206) 727-8325

June 24, 2009

**BY UNITED STATES MAIL
AND
BY FAX TO (206) 414-0551**

James J. Conlin
1307 Norpoint Way NE
Tacoma, WA 98422-3034

Re: Grievance of Rick Connelly against lawyer James J. Conlin
WSBA File No. 09-00378

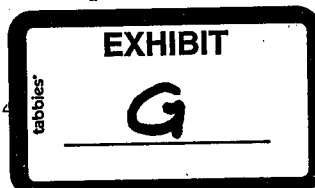
Dear Mr. Conlin:

On May 20, 2009, you were served with a subpoena duces tecum compelling your attendance at a deposition on June 11, 2009. The subpoena was issued in accordance with Rule 5.5 of the Rules for Enforcement of Lawyer Conduct (ELC).

On the afternoon of June 10, 2009, you asked me to reschedule your deposition. By telephone on that date, we agreed to reschedule your deposition to Wednesday, June 24, 2009 at 10:00 a.m.

On the afternoon of June 23, 2009, you left me a voice mail message in which you asked me to reschedule your deposition again. You told me, in that voice mail message, and in a telephone conversation that we had this morning, that you did not have your "paperwork together" and that you had no excuse. We agreed by telephone this morning to reschedule your deposition to Wednesday, July 8, 2009 at 11:00 a.m. at the offices of the Washington State Bar Association, 1325 4th Avenue, Suite 600, Seattle, WA 98101-2539.

Please review the subpoena carefully and be sure to produce all the required documents at the time of your deposition. We wish to avoid any further delay in the completion of this investigation. Accordingly, we will not cancel or continue the deposition unless disciplinary counsel so confirms in writing. Absent a written confirmation of cancellation or continuance, your appearance at the deposition in our offices on Wednesday, July 8, 2009 at 11:00 a.m. is mandatory. If you fail to comply with discovery, we may treat your failure to comply as a violation of the disciplinary rules, and we may petition the Washington Supreme Court for your immediate interim suspension from the practice of law under ELC 7.2(a)(3).

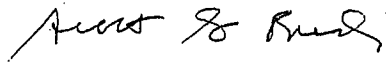


James J. Conlin

June 24, 2009

Page 2

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott G. Busby".

Scott G. Busby
Disciplinary Counsel

EXHIBIT H

DEPOSITION OF JAMES CONLIN

Page 1

BEFORE THE
DISCIPLINARY BOARD
OF THE
WASHINGTON STATE BAR ASSOCIATION

In Re:)
)
JAMES J. CONLIN,) WSBA File No. 09-00378
)
Lawyer (Bar No. 20931).)
)
)

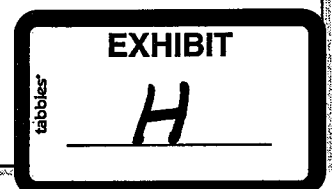
Deposition Upon Oral Examination of
JAMES J. CONLIN

Taken at: 1325 Fourth Avenue, Suite 600
Seattle, Washington 98101

Date Taken: July 8, 2009

Reported By: Mark E. King, RPR, CCR #2812

Treece, Shirley & Brodie Court Reporters
1415 North 200th Street, Suite B-7
Shoreline, WA 98133-3219
(206) 624-6604



DEPOSITION OF JAMES CONLIN

Page 2

Page 4

APPEARANCES
FOR THE BAR: SCOTT G. BUSBY
Disciplinary Counsel
1325 Fourth Avenue, Suite 600
Seattle, WA 98121-2330

FOR RESPONDENT: JAMES J. CONLIN, Pro Se
1307 Norpoint Way NE
Tacoma, WA 98422-3034

1 Seattle, Washington, Wednesday, July 8, 2009
2 11:13 a.m.
3 -- o00o --
4 MR. BUSBY: We're on the record at
5 11:13 a.m. on July 8th, 2009. Would the court reporter
6 identify himself for the record.
7 THE REPORTER: My name is Mark King.
8 EXAMINATION
9 BY MR. BUSBY:
10 Q. And Mr. Conlin, would you state your name and
11 spell it for the record?
12 A. I'm James Conlin; C-O-N-L-I-N.
13 Q. And I'm Scott Busby, a lawyer with the Office of
14 Disciplinary Counsel of the Washington State Bar
15 Association.
16 This is a deposition by the Washington
17 State Bar Association in the matter of James Conlin to
18 determine whether lawyer discipline may be appropriate
19 under the Rules of Professional Conduct and the Rules for
20 Enforcement of Lawyer Conduct; however, the facts
21 developed in this investigation might constitute
22 violations of other state or federal laws.
23 Although these proceedings are
24 confidential, the information you give us may be made
25 public under the Rules for Enforcement of Lawyer Conduct

Page 3

Page 5

I N D E X

WITNESS	PAGE
JAMES J. CONLIN	
Examination, By Mr. Busby	004

EXHIBITS

NO.	DESCRIPTION	PAGE
1	5/19/09 Cover Letter & Subpoena Duces Tecum	006
2	1.15B Required Trust Account Records Document	021
3	Joint Escrow Instructions re: Protect-A-Cover Corporation/Orlo Willis Transaction	034
4	Protect-A-Cover Closing Statement - Purchaser's Account	034
5	Protect-A-Cover Closing Statement - Seller's Account	034
6	4/27/09 Fax Cover Sheet & Letter from James Conlin to Felice Congalton	053
7	6/25/09 Letter from Scott Busby to James J. Conlin with Certified Return Receipt	061

1 You should be aware that we may refer the information you
2 give us to other administrative agencies and law
3 enforcement agencies. Do you understand that, Mr. Conlin?
4 A. I do.
5 THE REPORTER: May I swear in the
6 witness?
7 MR. BUSBY: Yes, please do.
8 (Whereupon, JAMES J. CONLIN was duly sworn
9 to tell the whole truth, and testified as follows:)
10 THE WITNESS: And I affirm my prior
11 statements.
12 Q. (By Mr. Busby) Okay. So, you are familiar with
13 deposition procedure?
14 A. Yes.
15 Q. Are you represented by counsel?
16 A. Not currently, no.
17 Q. And do you understand that you have a right to
18 be represented by counsel?
19 A. Yes, I do.
20 Q. And you understand that the failure of a lawyer
21 to cooperate fully and promptly with an investigation may
22 constitute grounds for discipline?
23 A. Yes, I do.
24 Q. You understand that you may not assert the
25 attorney-client privilege or other prohibitions on

2 (Pages 2 to 5)

TREECE, SHIRLEY & BRODIE COURT REPORTERS

Ph: 206-624-6604

Mark E. King, CCR

DEPOSITION OF JAMES CONLIN

Page 6

1 revealing client confidences or secrets as a ground for
2 refusing to provide information in these proceedings?

3 A. I was unaware of that.

4 Q. Well, I don't know whether it will come up but
5 I'll refer you to a specific rule, ELC 5.4(b), if it does
6 come up.

7 A. Okay.

8 Q. And furthermore, I'm not authorized to compel
9 you to give evidence or testimony if you assert your
10 privilege against self-incrimination, and in addition, I
11 cannot compel your testimony by granting you immunity from
12 prosecution. Any question I ask will be with the
13 understanding that if you believe a truthful answer to the
14 question would tend to show that you committed a crime,
15 you can refuse to answer by stating that you are asserting
16 the privilege against self-incrimination. If you answer
17 any questions, you will be doing so voluntarily. Do you
18 understand that, Mr. Conlin?

19 A. I do.

20 Q. Okay. So let the record reflect that Mr. Conlin
21 is appearing here today pursuant to a subpoena duces tecum
22 dated May 19, 2009, and I'll have that marked
23 Exhibit 1.

24 (Exhibit 1 marked for identification.)

25 Q. (By Mr. Busby) Okay. Mr. Conlin, we had a

Page 8

1 A. As I say, it's at my house but I have a number
2 of files that are not properly filed and that's one of
3 them.

4 Q. Do you know approximately how big it is?

5 A. I would guess it's about -- I'm looking at your
6 file and I'm guessing it's the same or a little less.

7 Q. This file here (indicating)?

8 A. Yes. I would say maybe somewhere between half
9 an inch and three-quarters of an inch thick, something
10 like that.

11 Q. Okay. And that relates to this particular
12 transaction where you acted as an escrow agent?

13 A. Yes.

14 Q. Would that be an accurate description?

15 A. Yes.

16 Q. For the sale of a business called
17 Protect-A-Cover?

18 A. Yes.

19 Q. So you have a file about half an inch to
20 three-quarters of an inch and you haven't been able to
21 find it?

22 A. I did not locate it this morning, no.

23 Q. Did you look for it before this morning?

24 A. I was working on the financial records. I
25 thought I knew where it was so I didn't worry about it.

Page 7

1 discussion off the record before the deposition began
2 concerning documents that you did or did not bring, but
3 let me ask you now if you have tendered the documents
4 described in this subpoena duces tecum marked as
5 Exhibit 1?

6 A. I have not.

7 Q. Did you bring any of them?

8 A. I did not. I was working on financial documents
9 up until the last minute this morning and didn't get them
10 together in a fashion where they made sense, so I decided
11 to come here and talk to you about it.

12 Q. Let's go through some of the documents. On the
13 first page of the subpoena, which is the second page of
14 the exhibit.

15 A. Um-hum.

16 Q. Item No. 1 is your complete file and whatever
17 documents may be in your possession or control relating to
18 Protect-A-Cover, Inc., Marc Hall, and/or Orlo Willis. Do
19 you have a file?

20 A. I do.

21 Q. Okay. And where is it?

22 A. I'm uncertain. It is at my residence, which is
23 also my office, but I'm uncertain exactly as to its
24 location right at the moment.

25 Q. You don't know where that file is?

Page 9

1 Then when I went to where I thought it was, it wasn't
2 there.

3 Q. So you didn't look for it until this morning?

4 A. I looked for it, yeah, early this morning.

5 Q. Before this morning did you look for it?

6 A. No, I did not.

7 Q. Item No. 2 is financial records --

8 A. Actually, could I take a step back on that
9 question?

10 Q. Sure.

11 A. When this first came up, which is now a month or
12 two ago.

13 Q. Um-hum.

14 A. I did have it and I thought that I had left it
15 in the location where it was near my desk, but evidently
16 over the course of those two months I have picked it up
17 along with some other files and moved it to a different
18 location within the house. So, just so we're clear, I did
19 think that I knew where it was but I was wrong.

20 Q. Okay. Item No. 2 is all financial records
21 relating to any funds received or disbursed in connection
22 with Protect-A-Cover, Marc Hall, and/or Orlo Willis.

23 A. Um-hum.

24 Q. And this includes, but is not limited to the
25 following; and I'll go through them. How about bank

3 (Pages 6 to 9)

DEPOSITION OF JAMES CONLIN

Page 10

1 statements; you didn't bring any bank statements with you?
 2 A. I did not bring anything with me today.
 3 Q. Do you have bank statements that relate to --
 4 A. Yes.
 5 Q. -- this transaction?
 6 A. Yes, I do.
 7 Q. And what kind of bank statements do you have
 8 that relate to this transaction?
 9 A. Just my trust account bank statement.
 10 Q. So there were transfers or deposits and
 11 withdrawals to and from your trust account which relate to
 12 this transaction?
 13 A. Yes.
 14 Q. And your trust account bank records would
 15 reflect those deposits and/or withdrawals?
 16 A. Yes.
 17 Q. And can you explain to me why you haven't
 18 brought any bank statements with you today?
 19 A. Well, part of what's going on is that, as I
 20 indicated to you, I'm not keeping my records properly. I
 21 had a backlog of several statements that I hadn't
 22 received. I had assumed that they were available to me
 23 online; that Key Bank, which is my bank, had switched over
 24 and that through my own neglect I hadn't paid attention to
 25 it.

Page 11

1 When I called them yesterday in order to
 2 access those records they indicated to me that they had
 3 been trying to mail them to me but they were evidently
 4 using an improper address of some kind. They didn't
 5 explain to me what the mistake in the address was, but
 6 they told me that they would be able to get the records to
 7 me, and so I don't currently have them in my possession.
 8 Q. Okay. This transaction began sometime around
 9 what, September 2008?
 10 A. The closing date was I believe October 1st or
 11 2nd.
 12 Q. Right, of 2008?
 13 A. Yes.
 14 Q. Okay. Are all the bank statements that would
 15 pertain to this transaction or reflect any deposits or
 16 withdrawals related to this transaction located at Key
 17 Bank?
 18 A. I would assume so.
 19 Q. Are all your bank accounts at Key Bank?
 20 A. Yes, my trust account is at Key Bank.
 21 Q. Okay.
 22 A. And that's where all of the records relating to
 23 this are.
 24 Q. Let me ask you what other accounts you have?
 25 A. Currently?

Page 12

1 Q. Well, let's say since September 2008.
 2 A. I have no other accounts than my trust account.
 3 Q. At Key Bank?
 4 A. At any bank.
 5 Q. And I just want to clarify that. Since
 6 September 2008 you haven't maintained any bank account
 7 other than the trust account at Key Bank?
 8 A. Correct.
 9 Q. You don't have a general account?
 10 A. I'm afraid not.
 11 Q. Or a personal account?
 12 A. No.
 13 Q. How do you do your personal finances?
 14 A. I deal with cash and also with prepaid credit
 15 cards.
 16 Q. Okay. How long have you maintained a trust
 17 account at Key Bank?
 18 A. I'm not certain, I think six or seven years.
 19 Q. The same account?
 20 A. Well, it switched. I had to switch numbers at
 21 one point a number of years ago but it's always been at
 22 Key Bank.
 23 Q. And what branch is it located at?
 24 A. The Twin Lakes branch.
 25 Q. Okay, so let me clarify. You say you couldn't

Page 13

1 find these bank statements, or maybe that's not what you
 2 said. Do you maintain bank statements related to your
 3 trust account?
 4 A. What do you mean by maintain?
 5 Q. Do you keep them?
 6 A. I think what I'm indicating to you is that I've
 7 been very neglectful and I've not been balancing the
 8 account on a regular basis since this developed.
 9 Q. Okay.
 10 A. So I have some from back in September.
 11 Q. But do you keep the bank statements or copies of
 12 the bank statements?
 13 A. What I explained to you earlier was that I had
 14 not been receiving the statements but that I had thought
 15 that they were available online. I hadn't gone to balance
 16 them in some time, and so therefore I wasn't aware that
 17 they were actually -- that they tried to mail them to me a
 18 couple of times, and what was explained to me was that
 19 they were sent to some wrong address.
 20 Evidently, when I switched my addresses
 21 they were -- they had two addresses entered. The thing
 22 that was confusing me is that I do wires on a semi-regular
 23 basis as part of my escrow practice.
 24 Q. Right.
 25 A. And those wire transfer reports are always sent

4 (Pages 10 to 13)

DEPOSITION OF JAMES CONLIN

Page 14

1 to my house, so I was unaware that they didn't have the
 2 correct address for me.
 3 Q. So you were receiving bank statements in the
 4 mail?
 5 A. At some point. I can't tell you when that
 6 last --
 7 Q. You were but then it ceased?
 8 A. It ceased at some point, yes.
 9 Q. And my next question was when did you stop
 10 receiving them?
 11 A. I don't know.
 12 Q. Was it before or after October 2008?
 13 A. It was before.
 14 Q. So you haven't received any bank statements
 15 since before 2008?
 16 A. October 2008.
 17 Q. October 2008?
 18 A. (Witness nods head.)
 19 Q. And when was it -- you mentioned some sort of
 20 change of address.
 21 A. Well, I used to practice in the University
 22 District.
 23 Q. Right.
 24 A. And I moved my office about three years ago now.
 25 I don't know exactly when I changed my address for Key

Page 15

1 Bank's purposes, but I thought I had been receiving
 2 statements for quite some time and I don't know when it
 3 stopped. I didn't investigate that particular issue, but
 4 at some point, presumably last year, it stopped, and I was
 5 not aware of it until I tried to access those statements,
 6 which as I explained, I believed they shifted over to some
 7 sort of paperless system.
 8 Q. So you stopped receiving bank statements
 9 sometime last year?
 10 A. I'm guessing. I honestly didn't check when the
 11 last statement had been received.
 12 Q. Okay. And that was due -- was that somehow
 13 related to a change of address?
 14 A. That's what they explained. They explained to
 15 me that they had two addresses on file, and this was on
 16 the phone so they didn't explain to me what the correct
 17 address was -- I mean, what the incorrect address was.
 18 But, evidently, they were using the correct
 19 address for wire reports and the incorrect address for
 20 statements, and then after a few statements went out they
 21 quit sending out statements.
 22 Q. So you were receiving wire reports --
 23 A. Yes.
 24 Q. -- from Key Bank?
 25 A. As recently as the last time I did a wire, which

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1 was about a month or so ago, it was in early June.
 2 Q. And you received those in the mail?
 3 A. Yes.
 4 Q. Okay. Let me see, the address that you received
 5 them was 1307 Norpoint Way Northeast in Tacoma?
 6 A. Correct.
 7 Q. And that's your home address?
 8 A. Yes.
 9 Q. And how long has that been your business
 10 address?
 11 A. About three years.
 12 Q. Okay. And what was your business address before
 13 the current business address, which is also your home
 14 address?
 15 A. 1107 Northeast -- wait a minute, I'm sorry,
 16 that's the incorrect address. I don't remember the
 17 numbering. It was on Northeast 45th Street in the
 18 University District.
 19 Q. In Seattle?
 20 A. Yes.
 21 Q. Oh, okay. And your home address at that time
 22 was also, was the current one, 1307 Norpoint Way?
 23 A. Yes, it was.
 24 Q. So about three years ago you stopped using this
 25 business address and your home address became your

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1 business address?
 2 A. Yes. I believe it was in November of 2006 when
 3 I closed the office.
 4 Q. Okay. So Item B in paragraph 2 on the subpoena
 5 is copies of deposit slips and deposited items.
 6 A. Um-hum.
 7 Q. And I understand you didn't bring any of those
 8 with you today?
 9 A. Right.
 10 Q. Do you maintain those, do you keep copies of
 11 those?
 12 A. To be honest, I'm somewhat haphazard in keeping
 13 those. I believe I have deposit slips for my escrows in
 14 the escrow files but I'm not certain about the rest of
 15 them.
 16 Q. Okay. So with respect to this particular
 17 transaction involving Protect-A-Cover would your deposit
 18 slips and deposited items be in the file pertaining to
 19 that matter?
 20 A. I believe so, yes.
 21 Q. And that's the file that you saw some month or
 22 so ago but you couldn't find this morning?
 23 A. Yes.
 24 Q. Okay. How about Item C, cancelled checks and
 25 wire transfer records?

5 (Pages 14 to 17)

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1 A. The wire transfer records I would believe to be
2 in the file, the Protect-A-Cover file. The cancelled
3 checks I'm hoping will come with the statements.

4 Q. Do you maintain the cancelled checks relating to
5 your escrow transactions?

6 A. Well, as I explained to you, I keep -- generally
7 in the escrow file there's a copy of the check prior to
8 the time it's, you know, when I send it out, but the
9 cancelled checks I'm assuming will come with the
10 statements.

11 Q. Okay. So when you were getting -- before you
12 stopped getting bank statements the cancelled checks came
13 with the statements?

14 A. Yes.

15 Q. Okay. How about Item D, client ledger records?

16 A. I keep my information on a computer file.

17 Q. Yeah.

18 A. And it's separated by client, if that's what
19 you're referring to. I believe I have that.

20 Q. Did you bring that with you today?

21 A. I did not.

22 Q. Why not?

23 A. Because I wanted to balance it against the
24 statements before I brought it in.

25 Q. Well, I mean, you had it and you could have

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1 and so this would be a relatively straightforward
2 statement from the check register that would comport with
3 the closing statement.

4 Q. Item E is copies of statements and/or
5 accountings to clients or third parties showing
6 disbursement of funds. Do you have such records?

7 A. In the file, and I believe you've already seen
8 the closing statement. The only thing that would be
9 incorrect on the closing statement is the City Bank lien
10 was written in as an estimate because we didn't have the
11 exact number at the time of closing.

12 Q. Okay. Item F is copies of invoices, bills or
13 other documents including disbursements or transfers. Do
14 you have those?

15 A. I don't believe that there were any. In the
16 file there would be one statement from City Bank, but most
17 of that information I received from Mr. Hall over the
18 phone.

19 Q. Okay. Trust account records as described by
20 Rule 1.15B(a), that's paragraph 3?

21 A. I believe those would be included in the file
22 and in the other records that we have discussed.

23 Q. Do you believe you have all of those?

24 A. I would have to review the rule to be certain.

25 MR. BUSBY: Let's mark this Exhibit 2.

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1 brought it but you wanted to balance it first before you
2 brought it?

3 A. Yes.

4 Q. I mean, you understand that this is a subpoena
5 and that one of the things the subpoena calls for is
6 client ledger records?

7 A. Yes.

8 Q. I don't understand. Why is it you thought you
9 didn't need to bring them because you didn't balance it?

10 A. I didn't think I didn't need to bring them, I
11 thought that they weren't prepared for you and that I
12 would get them prepared for you and bring them in.

13 Q. What state are they in right now?

14 A. Unbalanced, I guess. I don't know how to
15 express it other than that.

16 Q. What kind of client ledger records do you have
17 for this particular case?

18 A. For this particular case?

19 Q. Yes.

20 A. For this particular case I would have the -- I
21 guess I was thinking more in terms of the April through
22 May records that you have been looking for, which I guess
23 are not on here.

24 Q. That's a different case.

25 A. I do apologize, I've conflated the two matters,

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1 (Exhibit 2 marked for identification.)

2 Q. (By Mr. Busby) So, Exhibit 2 is a copy of
3 RPC 1.15B, which is referenced in paragraph 3 of the
4 subpoena duces tecum.

5 A. Um-hum.

6 Q. Let me just go through, and as you see in
7 paragraph 3, the trust account records in 1.15B relating
8 to Protect-A-Cover, Marc Hall or Orlo Willis --

9 A. Yes.

10 Q. -- are called for by the subpoena.

11 A. Yes.

12 Q. So how about Item No. 1, the checkbook register?

13 A. Yes.

14 Q. Do you have a checkbook register?

15 A. On the computer, yes, I do.

16 Q. So could you print that out and give it to me?

17 A. Yes, I can.

18 Q. Could you have brought it with you today?

19 A. Again, my apologies, I conflated the two matters
20 and I thought you needed more than just the
21 Protect-A-Cover matters. Yes, I could have brought it in
22 today.

23 Q. How about individual client ledger records; do
24 you have a client ledger record relating to this matter?

25 A. Yes, an equivalent electronic record it

6 (Pages 18 to 21)

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1 references, I do have that.
 2 Q. Where is that?
 3 A. On the computer that could be printed out.
 4 Q. So you could print that out today and send it to
 5 me?
 6 A. Yes, I could.
 7 Q. Will you do that?
 8 A. Yes. Let me make sure that I've got -- if you
 9 don't mind, I'll take a moment with this.
 10 Q. Sure.
 11 A. Okay. Having reviewed the entire rule --
 12 Q. Um-hum.
 13 A. -- I have in my possession and I could produce
 14 for you later today the electronic record of all the
 15 entries for receipts and disbursements.
 16 Q. Which item?
 17 A. That's Item No. 1.
 18 Q. That's the checkbook register?
 19 A. The checkbook register.
 20 Q. Okay, you have that.
 21 A. That would have an identification of the client
 22 matter and the date on which the matters were received and
 23 disbursed. It would include check numbers as well as the
 24 payor or payee, and I'm going through these item by item,
 25 and I believe it would include the new trust account

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1 balance in Item No. 5 there, subparagraph 5.
 2 In Item No. 2 I can indeed print out a
 3 record that shows all the receipts on this matter, and
 4 that would include all of the information, yes, that would
 5 include all the information that's requested there.
 6 Q. What recordkeeping system are you using?
 7 A. What computer system?
 8 Q. Yeah.
 9 A. It's a program called Versacheck.
 10 Q. Spell that.
 11 A. V-E-R-S-A-C-H-E-C-K.
 12 Q. Okay. So that's how you -- the system you use
 13 for recordkeeping with respect to your trust account?
 14 A. Yes.
 15 Q. Any other?
 16 A. No.
 17 Q. Just Versacheck?
 18 A. Just Versacheck.
 19 Q. Okay.
 20 A. Do you have further questions?
 21 Q. Go ahead. If you wanted to add to that I was
 22 just going to ask you to keep going down the list.
 23 A. Okay. So I believe 1 and 2 I can produce today.
 24 Copies of any agreements pertaining to fees and costs; I
 25 believe you have the joint escrow agreement already. That

Page 24

1 would be the only copy.
 2 Q. I want you to produce what I called for in the
 3 subpoena. I'm not sure if what I have is what I need.
 4 A. I appreciate that. I guess what I would testify
 5 to you is that the only statement I have regarding the
 6 fees and costs would be in the escrow instructions and in
 7 the closing statement.
 8 Q. I just want to make clear that I expect you to
 9 produce the documents called for by the subpoena and I
 10 don't think that a valid excuse for not producing them is
 11 that you think I already have them.
 12 A. That's fine.
 13 Q. Okay.
 14 A. In regards to that, in regards to Item 3, then,
 15 and then in regard to Item 4, 3 and 4, that would require
 16 me getting the file, and I don't know that I'll be able to
 17 find it today but I can certainly look for it this
 18 afternoon. And so that one I can't guarantee that I'd be
 19 able to get it to you this afternoon.
 20 Q. So those would be in your file?
 21 A. They would be in the Protect-A-Cover file, yes.
 22 Q. Which is at your home?
 23 A. Yes.
 24 Q. Okay.
 25 A. In regard to Item 5, there is no separate bill

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1 for legal fees or expenses. That's included in the
 2 closing statement and that would be in the file. The
 3 copies of invoices, et cetera, would also be in the file.
 4 In regards to Item 7, the bank statements I
 5 do not currently have available. I hope that the copies
 6 of deposit slips are in the file, and the cancelled checks
 7 would presumably come with the statements. The ledger
 8 reconciliations, that would require also the statements in
 9 order to complete that.
 10 Q. So if I understand it, it's been, I don't know,
 11 several months or a year?
 12 A. It's been, well, several months.
 13 Q. Since you have received a bank statement?
 14 A. Yes.
 15 Q. It's been before October 1st of 2008, right?
 16 A. Yes.
 17 Q. Okay.
 18 A. The reason it hadn't troubled me until now is
 19 because when I do these escrows I get a set amount of
 20 money in and I can balance the money against itself, and
 21 so I'm certain that when I'm disbursing funds that I'm
 22 disbursing the correct amounts.
 23 Q. Okay. But you haven't done any reconciliations
 24 since you stopped receiving bank statements, right?
 25 A. Correct.

7 (Pages 22 to 25)

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1 Q. How about reconciliations prior to the time that
2 you stopped receiving bank statements?
3 A. I don't know, I don't know. I haven't checked
4 to see when the last one was, as I explained to you.
5 Q. All right.
6 A. And then the last one was Item No. 9, and as
7 soon as I have the file I'll be happy to turn it over.
8 Q. Okay. Are you licensed in any jurisdictions
9 other than Washington?
10 A. No, I'm not. Before we move on --
11 Q. Yes.
12 A. Do you have a copy of this, Exhibit 2?
13 Q. Do I have a copy?
14 A. Yeah, for me, do you have a copy for me?
15 Q. I don't have one but it's right in here.
16 A. Do you mind making me one? I want to mark on
17 it.
18 Q. I'll make a copy. Remind me before you go and I
19 will make a copy.
20 A. Do you mind? I just want to write down what I
21 promised you before we move away.
22 Q. Yeah, okay.
23 A. Thank you.
24 (Off the record.)
25 Q. (By Mr. Busby) We're back on the record.

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1 Mr. Conlin, I just gave you a copy of Exhibit No. 2.
2 A. Yes.
3 Q. Which is a copy of RPC 1.15B.
4 A. Yes.
5 Q. And you wanted to make some notes?
6 A. I do, and I would just like to get our agreement
7 clear and on the record. I will this afternoon transmit
8 to you, I presume by fax, the items listed in No. 1 and 2,
9 and I will start looking for the file this afternoon and
10 hopefully I'll locate it and be able to get that to you,
11 let's say by the end of the week, because I would have to
12 mail that. And I'm uncertain when I'm going to receive
13 the bank statements so I don't know what to say about that
14 but I would assume shortly I will be able to provide
15 information related to the bank statements.
16 Q. Well, as far as agreements go, my expectation is
17 that you produce all of the documents that are identified
18 in the subpoena and my expectation was that they would be
19 produced today.
20 A. I appreciate that, and I'm not trying to shirk
21 from that.
22 Q. Okay.
23 A. Thank you.
24 Q. Just a little general background; you said
25 you're licensed only in Washington State?

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1 A. Yes.
2 Q. And your current office address and residence
3 address is the one on Norpoint Way --
4 A. Yes.
5 Q. -- in Tacoma. Let's see, at one time I had two
6 fax numbers for you but I think I have -- looking at the
7 one on your transmittal sheet.
8 A. Yeah, I changed it earlier this year. It's now
9 206-414-0551.
10 Q. 206, and what was that?
11 A. 414-0551.
12 Q. 414-0551, okay. And your telephone number is
13 206-551-8852?
14 A. That's correct.
15 Q. And you're a solo practitioner?
16 A. Yes.
17 Q. What fields of law do you practice in?
18 A. Estate planning to some degree, although that's
19 become less over the last several years. I do real estate
20 work, specifically escrows, especially the close of
21 business sales, and then I do some other general
22 litigation, a little bit of divorce, a little bit of
23 collection work, that sort of thing.
24 Q. This particular matter that we're talking about
25 today is part of your escrow practice?

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1 A. Yes.
2 Q. And how much of your practice relates to escrow?
3 A. Well, it's gone up and down over the years. I
4 would say that probably, well, depending on the year, I
5 would say somewhere between 40 and 60 percent of the
6 practice is escrow.
7 Q. Let's say in the last year.
8 A. In the last year, and I'm speculating at this
9 point, I would say about 30 percent.
10 Q. Okay.
11 A. The market has gone way down.
12 Q. And describe to me what exactly you do in that
13 area of practice.
14 A. I create the documents, I get the purchase and
15 sale agreement and take possession of the earnest money.
16 When the parties have cleared all their conditions and are
17 ready to close I prepare the documents necessary to do the
18 transfer from one party to the other and to clear up
19 whatever liens may be outstanding, so I do searches to
20 confirm the status of the liens and then make sure that
21 the liens are taken care of.
22 Q. So, you hold the earnest money?
23 A. Yes.
24 Q. And then do you also hold other funds on behalf
25 of clients or third parties?

8 (Pages 26 to 29)

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1 A. Is this in the escrow practice or in general?
 2 Q. In the escrow practice.
 3 A. In the escrow practice I initially hold the
 4 earnest money. At closing I receive the balance of the
 5 purchase price and I disburse it in accordance with the
 6 escrow instructions.
 7 Q. And how about in those other areas of practice
 8 you mentioned?
 9 A. I do keep retainers, yes.
 10 Q. Let me -- sometimes that's an ambiguous term so
 11 let me ask you what you mean by a retainer.
 12 A. Oh, just an advance against fees.
 13 Q. And then you maintain that in the trust account?
 14 A. Yes.
 15 Q. And then do you remove earned fees as they are
 16 earned?
 17 A. Yes.
 18 Q. And so am I correct in understanding that you
 19 maintain client funds in your trust account related to
 20 these other areas of practice?
 21 A. Yes.
 22 Q. Okay. So what is your relationship to Empire
 23 Business Brokers?
 24 A. They were -- I did a number of closings for
 25 them. I did some work for the broker in regards to a few

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1 different matters. He needed some help collecting some
 2 outstanding debts. I don't think I was able to get the
 3 collection but we worked on it.
 4 I believe I drafted up a sales document
 5 between Rick Connelly, the primary broker, and I've
 6 forgotten the gentleman's name, I believe it's Brian
 7 Edwards, as he sold part of the practice over to Brian.
 8 Q. How long have you had a business relationship
 9 with Empire Business Brokers?
 10 A. Probably five or six years.
 11 Q. Okay. And now moving to the specific matter --
 12 A. Um-hum.
 13 Q. -- relating to Protect-A-Cover, how did that
 14 matter first come to you?
 15 A. As most matters with Empire, I received a
 16 phonecall from the agent who was handling the matter.
 17 Q. Was that Mr. Costa?
 18 A. Yes, Gary Costa.
 19 Q. Okay.
 20 A. At that point they had not yet written up the
 21 agreement but he was looking for some general advice as to
 22 how best to set it up, and I talked with him about it a
 23 little bit and I talked as well with Mr. Hall a little bit
 24 just in general terms.
 25 Q. Just so the record is clear, Mr. Hall was the

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1 seller of this business, right?
 2 A. Yes. I talked with him in general terms, and
 3 then they went and created a purchase and sale, they
 4 eventually agreed to a purchase and sale agreement. I
 5 believe it was a week or two later if I'm remembering
 6 correctly. I apologize, it may have been as much as a
 7 month later, but eventually they reached an agreement
 8 between Mr. Hall and Orlo Willis, who was the buyer, and
 9 that purchase and sale agreement was transmitted to me
 10 along with -- there was no -- I was thinking that earnest
 11 money came with it but there was no earnest money on this
 12 particular transaction.
 13 Q. Are you sure? I understood that there was
 14 earnest money.
 15 A. I don't believe there was any actually paid in.
 16 There was some mention of it in the agreement but it was
 17 not, it was not transferred, I don't believe. I would
 18 have to confirm it from the file but I did notice that in
 19 the joint escrow instructions it doesn't mention earnest
 20 money.
 21 Q. Okay. I have something called Joint Escrow
 22 Instructions. By whom were those prepared?
 23 A. I prepared those.
 24 Q. Okay. Even though it says "To: James Conlin,"
 25 you prepare the Joint Escrow Instructions?

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1 A. Yes.
 2 Q. And then there's a document called a Closing
 3 Statement --
 4 A. Yes.
 5 Q. -- dated October 1st.
 6 A. Um-hum.
 7 Q. Did you prepare that?
 8 A. Yes, I did.
 9 Q. And did you say that this is an estimate?
 10 A. Do you mind if I look at it?
 11 Q. Here.
 12 A. The Purchaser's Account, I wouldn't know. The
 13 Purchaser's Account would be exact. The Seller's Account,
 14 which I'm not seeing there in the file, the Seller's
 15 Account would probably contain an estimate for the City
 16 Bank lien.
 17 Q. Maybe I need to make copies. I thought I was
 18 going to use yours. There's a document in here callid
 19 Seller's Account. Is that something you prepared?
 20 A. Yes.
 21 Q. And that shows the City Bank lien in the amount
 22 of \$14,000?
 23 A. That was the estimate that I referred to.
 24 Q. That was an estimate. Let me make copies of
 25 these --

9 (Pages 30 to 33)

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<p>1 A. All right.</p> <p>2 Q. -- so we all know what we're talking about.</p> <p>3 (Exhibits 3, 4 and 5 marked for</p> <p>4 identification.)</p> <p>5 Q. (By Mr. Busby) We're back on the record now.</p> <p>6 Exhibit 3, can you just identify that?</p> <p>7 A. That is the Joint Escrow Instructions that I</p> <p>8 prepared for the Protect-A-Cover transaction.</p> <p>9 Q. Exhibit 4?</p> <p>10 A. Is the Purchaser's Closing Statement --</p> <p>11 Q. That you prepared?</p> <p>12 A. -- for the same transaction.</p> <p>13 Q. And?</p> <p>14 A. And No. 5 is the Seller's Statement for the same</p> <p>15 transaction.</p> <p>16 Q. And I understand you prepared some other</p> <p>17 documents, a non-compete agreement and various other</p> <p>18 things?</p> <p>19 A. Yes.</p> <p>20 Q. Okay. Let's see, what funds did you receive in</p> <p>21 connection with this transaction, and let's start</p> <p>22 chronologically; what funds did you receive and from whom?</p> <p>23 A. Well, as I explained to you, I thought based on</p> <p>24 these escrow instructions that the only funds that I</p> <p>25 received were the seller's closing -- I'm sorry, the</p>	<p>1 A. Yes, sir.</p> <p>2 Q. So you received a check in that amount from</p> <p>3 Mr. Willis on October 1st, 2008?</p> <p>4 A. I believe so.</p> <p>5 Q. And what did you do with that check?</p> <p>6 A. After I was done meeting with the clients I</p> <p>7 deposited that check.</p> <p>8 Q. And where did you deposit it?</p> <p>9 A. At Key Bank in my trust account.</p> <p>10 Q. So it went into your trust account at Key Bank</p> <p>11 on or about October 1st, 2008?</p> <p>12 A. Yes.</p> <p>13 Q. And your bank statement would presumably show a</p> <p>14 deposit in that amount?</p> <p>15 A. Yes.</p> <p>16 Q. On that date?</p> <p>17 A. Yes.</p> <p>18 Q. And then some disbursements were made?</p> <p>19 A. Yes.</p> <p>20 Q. All pertaining to this transaction?</p> <p>21 A. There were disbursements made pertaining, yes.</p> <p>22 Q. And were all those disbursements made from your</p> <p>23 trust account?</p> <p>24 A. Yes.</p> <p>25 Q. So let's look at which disbursements were made</p>
Page 35	Page 37
<p>1 purchaser's closing purchase price in the amount of</p> <p>2 \$52,370.90.</p> <p>3 Q. And that figure comes from the first page of</p> <p>4 Exhibit 3?</p> <p>5 A. Yes.</p> <p>6 Q. Okay. And so that was what; the down payment on</p> <p>7 the purchase price?</p> <p>8 A. In this particular transaction it was the down</p> <p>9 payment, yes.</p> <p>10 Q. And so did you receive those funds?</p> <p>11 A. Yes.</p> <p>12 Q. From the purchaser?</p> <p>13 A. Yes, I believe so.</p> <p>14 Q. And in what form did you receive them?</p> <p>15 A. I believe, and here I'm speculating again, but I</p> <p>16 believe that it was in the form of a cashier's check.</p> <p>17 Q. And that would have been from Mr. Orlo Willis?</p> <p>18 A. Yes.</p> <p>19 Q. On the closing date or before the closing date?</p> <p>20 A. On the closing date.</p> <p>21 Q. Okay.</p> <p>22 A. I apologize, I should say on October 1st, just</p> <p>23 to be clear.</p> <p>24 Q. So that's shown in Exhibit 4 as cash at closing,</p> <p>25 \$52,370.90?</p>	<p>1 from your trust account relating to this transaction.</p> <p>2 A. Okay.</p> <p>3 Q. And maybe you can tell me based on the Seller's</p> <p>4 Account and the Purchaser's Account what disbursements</p> <p>5 were made, or from the escrow instructions?</p> <p>6 A. In looking at the accounting statements, there</p> <p>7 were disbursements made -- well, we'll start on the</p> <p>8 Seller's Account there was a disbursement made to Empire</p> <p>9 Business Brokers. It was \$13,500 as a commission.</p> <p>10 Q. So did you make that disbursement?</p> <p>11 A. I did.</p> <p>12 Q. And how did you make it?</p> <p>13 A. In the form of a wire transfer a few days after</p> <p>14 closing.</p> <p>15 Q. So that was a wire transfer from your trust</p> <p>16 account to Empire Business Brokers in the amount of</p> <p>17 13,500?</p> <p>18 A. Yes, well, less the wiring fee of \$20. So the</p> <p>19 total commission that they earned was 13,500. They</p> <p>20 elected to pay the wiring fee of \$20.</p> <p>21 Q. Okay. So the amount going out of your account</p> <p>22 was 13,500?</p> <p>23 A. Yes. It would show up as two transactions;</p> <p>24 \$13,480 to Empire and a \$20 wiring fee.</p> <p>25 Q. Okay. Now, did you get some document from the</p>

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1 bank confirming that transfer?
 2 A. I believe so.
 3 Q. I think you said earlier that although you
 4 weren't getting bank statements you were getting wire
 5 transfer statements?
 6 A. Yes.
 7 Q. Okay. How about escrow fee?
 8 A. The escrow fee would have been in the form of a
 9 check and it would have combined the escrow fee of \$500
 10 from the Seller's Account plus the escrow fee of \$500 from
 11 the Purchaser's Account, another \$175 for drafting a note
 12 and security agreement as listed on the Purchaser's
 13 Account, plus another, it looks like \$85 in miscellaneous
 14 charges on the Purchaser's Account.
 15 Q. So that would have been a total of 1000 plus
 16 175, plus 10, plus 75?
 17 A. Yes.
 18 Q. And that was disbursed from your trust account
 19 in one check or more than one check?
 20 A. Probably in one check.
 21 Q. And would you have written that check?
 22 A. Yes, to myself.
 23 Q. To yourself?
 24 A. Yes.
 25 Q. On your Key Bank trust account?

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1 A. Yes.
 2 Q. Is that an IOLTA account?
 3 A. Yes.
 4 Q. Okay. So we have a disbursement to Empire in
 5 the amount of 13,000?
 6 A. 500.
 7 Q. 13,500, in the form of a wire transfer?
 8 A. Yes.
 9 Q. And then we have a disbursement to you?
 10 A. Um-hum.
 11 Q. In the form of a check?
 12 A. Yes.
 13 Q. And that's 1175, 1185, 1260?
 14 A. That's what I think, yes.
 15 Q. Okay, what else, what other disbursements from
 16 this \$50,000?
 17 A. There was another check to the State of
 18 Washington for use tax in the amount of \$1610.90.
 19 Q. Use tax, okay. Those are taxes that Mr. Hall
 20 owed at the time of the sale?
 21 A. I believe technically Mr. Willis owes it. The
 22 use tax is essentially the same as the sales tax, it's
 23 functionally equivalent, and so technically I believe
 24 Mr. Willis owes that money.
 25 Q. So that's \$1610.90?

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1 A. Yes.
 2 Q. And that's to the State of Washington?
 3 A. Yes.
 4 Q. And in what form was that disbursement made?
 5 A. By check.
 6 Q. A check written by you on your Key Bank Trust
 7 Account to the State of Washington or Department of
 8 Revenue or something like that?
 9 A. Yes.
 10 Q. Okay. And what else is left?
 11 A. There's two other items on the Seller's Account.
 12 To take the lower one first, there was a check to
 13 Mr. Hall.
 14 Q. Um-hum.
 15 A. And it's listed here as \$22,000.
 16 Q. Um-hum.
 17 A. I believe, I know that it was more than that,
 18 and I don't remember the exact figure, but it was 22,000
 19 and some change and that was due to the City Bank lien.
 20 Q. Oh, wait a minute. That's cash to seller, isn't
 21 it?
 22 A. Yes. Mr. Hall would have received a check and
 23 it's listed here as \$22,000.
 24 Q. Yes.
 25 A. That's not exactly correct.

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1 Q. Right.
 2 A. That figure is calculated based on all the other
 3 figures, and we had had to put in an estimate for the City
 4 Bank loan because as of the moment of closing Mr. Hall did
 5 not have the exact amount.
 6 Q. Okay.
 7 A. And it turned out to be somewhat less than
 8 \$14,000.
 9 Q. Okay.
 10 A. And so there was a wire to City Bank in the
 11 amount of 13,900 and something.
 12 Q. So there was a check to Mr. Hall --
 13 A. Right.
 14 Q. -- which you wrote from your lawyer trust
 15 account, something a little over 22,000?
 16 A. Correct. And to be absolutely clear, it was
 17 written to Protect-A-Cover, Inc., which is Mr. Hall's
 18 corporation.
 19 Q. Okay. And when -- would all of these have been
 20 made in October 2008?
 21 A. It would have all happened at the same time,
 22 yeah.
 23 Q. At the same time, but on or about what date?
 24 A. I would assume it was, I believe it was a few
 25 days after the 1st.

11 (Pages 38 to 41)

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1 Q. So early October, 2008?
 2 A. Yes.
 3 Q. So then you come to the City Bank lien, which on
 4 the Seller's Account, Exhibit 5, is listed as 14,000. I
 5 think you said it was actually a little bit less than
 6 that.
 7 A. Yes.
 8 Q. Okay. And then what happened? First of all,
 9 explain what was the City Bank lien?
 10 A. Mr. Hall, well, Protect-A-Cover, Inc., had taken
 11 out a loan from City Bank and City Bank had a lien against
 12 his equipment. In order to clear that lien you had to pay
 13 off City Bank.
 14 Q. Okay. And was it your responsibility to pay off
 15 that lien as part of your --
 16 A. Yes.
 17 Q. -- duties as escrow agent?
 18 A. Yes.
 19 Q. And was the disbursement made for that purpose
 20 from your trust account?
 21 A. Yes.
 22 Q. And when was it made and by what means?
 23 A. It was the same as the rest of these, in early
 24 October, as I said, just a few days after the 1st, and it
 25 was by means of a wire transfer?

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1 Q. Okay. So that was a little less than \$14,000?
 2 A. Yes.
 3 Q. And it was made to City Bank?
 4 A. Yes.
 5 Q. In the form of a wire transfer.
 6 A. Um-hum.
 7 Q. In early October 2008?
 8 A. Yes.
 9 Q. So your bank statement would show --
 10 A. The exact timing, yeah.
 11 Q. -- a wire transfer in early October to City
 12 Bank, some amount slightly less than \$14,000?
 13 A. Yes.
 14 Q. Okay. And you made that transfer, right?
 15 A. I did.
 16 Q. Did you transmit the final closing papers to
 17 Mr. Hall and Mr. Willis?
 18 A. I handed them copies of the blank documents at
 19 closing and sometime later, actually, quite a lot later I
 20 sent out the final copies.
 21 Q. And the final copies show the exact amounts of
 22 these disbursements?
 23 A. I'm uncertain at this point.
 24 Q. Do you know when they were sent out?
 25 A. No.

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1 Q. Was there a reason why it took some time to do
 2 that?
 3 A. I've become -- I'm not staying up on my
 4 transmittals the way I should.
 5 Q. Okay. Now, at some point did you hear from
 6 Mr. Hall that this lien had not been paid off?
 7 A. Yes.
 8 Q. When did that happen and how?
 9 A. I received a phonecall from him, I don't
 10 remember exactly when it happened, but I received a
 11 phonecall from him asking what had happened with the
 12 payment, and I told him I would check into it and I did.
 13 It turned out that the wire transfer had, through probably
 14 my fault, been sent to the wrong account.
 15 Q. And how did you determine that?
 16 A. I spoke with a Key Bank representative.
 17 Q. Do you know when that was?
 18 A. Not exactly, no.
 19 Q. So you were told by Key Bank. What exactly were
 20 you told by a Key Bank representative?
 21 A. I was told that the transfer had been completed
 22 and then I confirmed with City Bank that they received it.
 23 Q. So now you're talking about something that you
 24 heard from Key Bank and something else that you heard from
 25 City Bank?

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1 A. Yes.
 2 Q. Why don't you, just to clarify, explain what you
 3 heard from whom.
 4 A. I confirmed from Key Bank that the wire went out
 5 and that it was not returned. I confirmed from City Bank
 6 that they had not been paid.
 7 Actually, no, I take it back. I believe
 8 Mr. Hall confirmed for me that they had not been paid.
 9 And so then I asked Key Bank to do some further
 10 investigation as to where it went.
 11 Q. Who did you talk to at Key Bank?
 12 A. I don't know.
 13 Q. Did you talk to someone at your branch in, I
 14 forget where it was?
 15 A. I believe I did all my work on the phone.
 16 Q. Did you call your branch?
 17 A. I called the main Key Bank customer service
 18 line.
 19 Q. What did you learn from Key Bank?
 20 A. Eventually I found that the money had been sent
 21 to the wrong account and that there was a person who had
 22 received the money, and eventually Key Bank put me in
 23 touch with that person. If I'm remembering correctly, he
 24 ended up calling me and we spoke about what had happened
 25 and he made various promises to me along the way that he

12 (Pages 42 to 45)

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1 would pay back the money.
 2 Q. So Key Bank put you in touch with the person to
 3 whom the money was wired?
 4 A. Yes.
 5 Q. What's that person's name?
 6 A. It was Mr. Martinez.
 7 Q. First name?
 8 A. I think it's Jason.
 9 Q. So Key Bank told you that the money had been
 10 wired to Jason Martinez?
 11 A. They did not give me his name, he called me.
 12 They put me in contact with him by somehow transmitting my
 13 information to him and then -- and I don't know the exact
 14 mechanism of how that worked -- but eventually I received
 15 a phonecall from him.
 16 Q. So did they identify him or they told him how to
 17 get in touch with you?
 18 A. He got in contact with me.
 19 Q. So he contacted you, Jason Martinez, right?
 20 A. I believe so.
 21 Q. How did he contact you?
 22 A. By telephone.
 23 Q. Do you know where he is, where he called from?
 24 A. He's -- well, he was in the area. Let me
 25 explain --

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1 Q. Okay.
 2 A. -- what all happened. He made various promises
 3 to me, I had passed those promises on to Mr. Hall, and he
 4 continued to make those promises. Eventually he sent me a
 5 check for \$13,000 that I deposited. I believe that was in
 6 late November or December, and I would have to look at the
 7 file to be certain of the exact day.
 8 Q. He sent you a check for what?
 9 A. \$13,000.
 10 Q. Thirteen even, 13,000 even?
 11 A. Yes, which is what he said was what was left.
 12 Q. And you think it was around November of 2008?
 13 A. November or December, yes.
 14 Q. Okay.
 15 A. I told Mr. Hall about it, I deposited the check
 16 into the trust account, and before I could -- you know, as
 17 I waited for it to clear it eventually came back that the
 18 check had bounced, he had stopped payment on it, I
 19 believe. Either he had stopped payment on it or he had
 20 withdrawn funds so that it couldn't clear.
 21 Q. Um-hum.
 22 A. We communicated by phone for another five or six
 23 weeks, I believe, and then he disappeared and I don't know
 24 what's happened to him.
 25 Q. What identifying information do you have about

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1 Mr. Martinez in terms of contact information, address,
 2 telephone number?
 3 A. There is an address on the check.
 4 Q. The check that he sent you?
 5 A. The check that he sent me.
 6 Q. Where is that check?
 7 A. I believe it's in the file.
 8 Q. Okay. And was it a local address?
 9 A. Or in the Puget Sound region, yeah.
 10 Q. And then you said you had contact with him for
 11 about five or six weeks?
 12 A. After the check bounced, so early into the new
 13 year. Well, I should say I don't remember off the top of
 14 my head how many times I actually spoke to him after that.
 15 Q. Describe to me how these wire transfers are made
 16 generally and then specifically how this one ended up
 17 being made to Mr. Martinez.
 18 A. You sit down at the branch and give them the
 19 routing number and the account number and the amounts, and
 20 they write them out and send them off. Well, they write
 21 them out, you confirm them and sign them and they send
 22 them off.
 23 Q. Um-hum.
 24 A. In this particular instance the digits were
 25 wrong, and I apologize, I don't remember the exact

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1 difference, but there was a discrepancy in the digits so
 2 that instead of going to City Bank and its lien account it
 3 ended up in Mr. Martinez's account.
 4 Q. And you have some kind of a document that you
 5 received from Key Bank that shows the transfer?
 6 A. Yes.
 7 Q. To which account it was made and so on?
 8 A. Um-hum.
 9 Q. And on what date?
 10 A. Um-hum.
 11 Q. Okay. Why don't you describe to me what
 12 happened, your communications with Mr. Hall, say, for the
 13 next six months or so after this wire transfer.
 14 A. When he first informed me of the problem I told
 15 him that I would make sure that he was not out of pocket
 16 because it was my -- I had made a mistake and not him.
 17 And so I got from him payment -- I believe
 18 I already had the information from the account statement
 19 that he had given me but I confirmed from him a minimum
 20 amount that needed to be paid monthly and a date on which
 21 it needed to be paid. And over the course of the next
 22 several months I would check in with him initially fairly
 23 often and then after that, after I had lost contact with
 24 Mr. Martinez we would get contact monthly and I would just
 25 make sure to make the payments that were necessary to keep

13 (Pages 46 to 49)

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1 the account in good standing while I tried to figure out
2 what to do.

3 Q. So you made the monthly payments on the -- this
4 was a line of credit, right?

5 A. Yes.

6 Q. That Mr. Hall had?

7 A. Yes.

8 Q. And how did you go about -- first of all, you
9 had to know how much to pay?

10 A. Yes.

11 Q. Presumably the bills were going to Mr. Hall and
12 not to you, is that right?

13 A. That's correct.

14 Q. So did you find out from Mr. Hall or from City
15 Bank how much to pay?

16 A. I had one account statement that he had given me
17 when we did the initial transaction. He had faxed me a
18 copy of the statement.

19 Q. Um-hum.

20 A. And then I just confirmed with him that I think
21 it was \$150 would be sufficient to cover the minimum, and
22 he confirmed that. I think the statement indicated a
23 payment of 120-something dollars a month but I wanted to
24 make sure there would be no problems there.

25 Q. So for how many months did you make those

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1 2009 you were making monthly payments?

2 A. Between November and either March or April, the
3 month before I put together the final payoff, I paid \$150
4 a month.

5 Q. How did you make the monthly payments?

6 A. I would take the bill for my total fee and I
7 would use some of it and direct it from the trust account
8 towards City Bank.

9 Q. I'm not sure I understand. The bill for your
10 total fee?

11 A. I would have a fee come in. I would be entitled
12 to bill against my trust account, and I would bill the
13 total amount against the trust account and I would direct
14 a check towards me and a check towards City Bank.

15 So, for example, if the total fee was
16 \$3400, well, yeah, 3400, then City Bank would get \$150 and
17 I would get the balance of \$3250.

18 Q. So how is that reflected on your trust account
19 records?

20 A. There would be two, there would be two checks,
21 and I don't think I accounted for it very well. I believe
22 I have all the City Bank checks listed under
23 Protect-A-Cover rather than against the various fees, so
24 there's some confusion there.

25 Q. And then how was that -- there was a large

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1 payments?

2 A. I made payments through either, I think it was
3 March or it may have been April.

4 Q. Of 2009?

5 A. Of 2009.

6 Q. Okay.

7 A. After I had lost contact with Mr. Martinez I
8 tried through my own pretty meager resources to figure out
9 what was going on, and eventually -- well, let me step
10 back. I had thought that we had until October or November
11 of this year before his line of credit came due.

12 Q. Um-hum.

13 A. And I was going to try and get him paid off, and
14 that was my focus, was to get that line of credit paid off
15 for him through my resources.

16 Eventually, it was in either April or May
17 he informed me that it was actually coming due in the
18 middle of that month, and so I happened to have a big fee
19 come in and I was able to make virtually all the payments
20 to cover the lien. There was a \$62 amount that was left
21 outstanding that Mr. Hall covered in order to pay the lien
22 off, pay the line of credit off.

23 Q. So you paid most of the principal in April 2009?

24 A. As I said, April or May.

25 Q. Okay. And then between November 2008 and May

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1 payment in April or May of 2009?

2 A. Yes.

3 Q. How was that made?

4 A. I received a large fee.

5 Q. Okay. So then you wrote a check from the trust
6 account?

7 A. Yes.

8 Q. To City Bank?

9 A. Yes.

10 Q. And what you're saying is that that check was
11 some or part of an earned fee?

12 A. Yes.

13 Q. Okay.

14 A. If I remember correctly, there were two or three
15 fees different that came in about the same time.

16 Q. Let me have this marked.

17 (Exhibit 6 marked for identification.)

18 Q. (By Mr. Busby) Exhibit 6 can you just identify,
19 please?

20 A. This is a fax that I sent to Ms. Congalton.

21 Q. Right.

22 A. At the Bar Association.

23 Q. And this is your response to the grievance by
24 Mr. Connelly?

25 A. Yes.

14 (Pages 50 to 53)

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1 Q. It says: "I inadvertently misdirected the funds
2 and have to date been unable to recover them." This was
3 dated April 27, 2009?

4 A. Yes.

5 Q. So I guess you explained the way that
6 misdirection occurred was by --

7 A. Through the wiring.

8 Q. -- through the wiring by writing down the wrong
9 account number, or what?

10 A. Yeah. I would have to look back at the
11 instructions again to see exactly which numbers were off.
12 There's a routing number and an account number that direct
13 funds.

14 Q. And then it says: "At one point, I did receive
15 a check to cover the majority of the missing funds," and
16 that was the check that you received from Mr. Martinez?

17 A. Yes. Oh, there we go, due to expire in April.

18 Q. What was due to expire in April?

19 A. The line of credit was due. I was a little
20 uncertain earlier about whether that was April or May that
21 I did the final payoff. It was actually April.

22 Q. And the line of credit, that was secured against
23 something?

24 A. It was secured by a lien against the equipment
25 that Mr. Hall sold to Mr. Willis.

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1 Q. So Mr. Hall didn't actually own that equipment
2 after October 1st, 2008?

3 A. Correct.

4 Q. Did that present a problem?

5 A. It would have only presented a problem if City
6 Bank was put in the position of trying to foreclose its
7 lien or if Mr. Willis had been in a position to attempt to
8 obtain another loan for any purpose.

9 Q. Okay. So this lien was on equipment that was no
10 longer owned by Mr. Hall and it was, the line of credit
11 itself was held by a business that Mr. Hall no longer
12 owned either, right, was that the situation?

13 A. No, that's a little bit off. Mr. Hall sold the
14 assets of his business.

15 Q. Um-hum.

16 A. He maintained ownership of his corporation.

17 Q. Wasn't he trying to get out of the business?

18 A. Yes, he was.

19 Q. Was there some discussion you had with him about
20 whether he should or should not renew his license?

21 A. Yes.

22 Q. What was that, what was the substance of that
23 discussion?

24 A. The license was due to expire, and I don't
25 remember the exact dates, but during this period the

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1 license was due to expire and at some point I paid a
2 renewal fee.

3 Q. To renew his corporation?

4 A. His corporation, yes.

5 Q. And why did you do that?

6 A. Because I hadn't yet resolved the matter of the
7 lien.

8 Q. Why was it necessary or desirable to renew the
9 license of his corporation?

10 A. If the license wasn't renewed then the business
11 would terminate at that point and the relationship between
12 him and City Bank would presumably terminate as well.

13 Q. And then he would owe them \$13,000 immediately?

14 A. Exactly. I was buying myself more time.

15 Q. Did Mr. Connelly talk to you about why the lien
16 hadn't been paid off?

17 A. I talked with Mr. Connelly around the end of the
18 year or the beginning of this year and the conversation
19 didn't go very well. I didn't -- I actually didn't choose
20 to continue to talk with him about it and so I maintained
21 contact with Mr. Hall about the matter.

22 I think what had happened was around
23 Christmastime I didn't get in contact with Mr. Hall as I
24 should have. I think I was about a week late in getting
25 in touch with him and I think that got him nervous that I

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1 was disappearing on him and so he contacted Mr. Connelly
2 to see.

3 I talked to him and told him what was going
4 on and that I was continuing to take care of Mr. Hall and
5 to try to collect these funds, and then I didn't, I don't
6 believe I had much in the way of contact with him after
7 that.

8 Q. Did Mr. Connelly ask you to show him some kind
9 of verification of these misdirected funds?

10 A. He did.

11 Q. Pardon me?

12 A. He did, yes.

13 Q. And did you do that?

14 A. I did not.

15 Q. Any reason why not?

16 A. He was not the client.

17 Q. How about Mr. Hall; did he ask you to do that?

18 A. No.

19 Q. Pardon me?

20 A. No.

21 Q. Do you recall how you first discovered that
22 these funds had been misdirected?

23 A. Mr. Hall contacted me.

24 Q. Do you recall some conversations with Mr. Conlin
25 about someone you referred to as the bad boy?

15 (Pages 54 to 57)

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1 A. Are you saying Mr. Connelly?
 2 Q. Actually, I meant Mr. Hall, I'm sorry.
 3 A. Mr. Hall? He referred to him as the bad boy. I
 4 don't believe I ever specifically identified Mr. Martinez
 5 to Mr. Hall and so he referred to him as the bad boy, yes.
 6 Q. Mr. Hall referred to him that way?
 7 A. In that statement that you are looking at he
 8 referred to him in that way.
 9 Q. What did you tell Mr. Hall about Mr. Martinez?
 10 A. In general terms, I explained to him the
 11 promises that were being made to me and what efforts I was
 12 making to reach him.
 13 Q. Okay. Did you explain to him that this person,
 14 Martinez, had actually received the money that you wired
 15 which was intended to go to City Bank?
 16 A. I believe so, yes.
 17 Q. Did Mr. Hall express some concern about renewing
 18 his corporate license?
 19 A. That was the discussion we just had, yeah.
 20 Well, I apologize. Mr. Hall is a relatively soft-spoken
 21 individual.
 22 Q. Um-hum.
 23 A. And so one of the things I noticed in that
 24 statement that you have in front of you is that --
 25 Q. I don't think I'm looking at what you think I'm

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1 Q. In April. That was a letter -- that letter was
 2 written before it was paid off, wasn't it?
 3 A. That was written after I paid the majority.
 4 Q. All but the \$62?
 5 A. Right.
 6 Q. Was it in all one lump sum or was there more
 7 than one payment?
 8 A. There was more than one payment.
 9 Q. I mean, besides just the monthly payments which
 10 were mostly interest.
 11 A. I don't remember if I paid it off in two
 12 payments or in three payments.
 13 Q. Okay. So when you made these monthly payments
 14 from your trust account to City Bank how were they
 15 recorded, if at all, in your trust account records?
 16 A. As I explained to you, I categorized them as,
 17 I'm sorry, Protect-A-Cover items.
 18 Q. Um-hum.
 19 A. I probably should have recorded them as, I
 20 probably should have recorded them as against the fee that
 21 they were coming out of, and so I don't think I did that
 22 correctly.
 23 Q. Okay. So at that point you wouldn't have had
 24 any funds belonging to Protect-A-Cover in your account,
 25 right?

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1 looking at.
 2 A. One of the things I noticed in Mr. Hall's
 3 statement was that items that we discussed as minor
 4 annoyances became major concerns in his statement. You
 5 know, I never expected him to be happy about what was
 6 going on, all I could do was assure him that I was doing
 7 my best to take care of him and actually act to take care
 8 of him.
 9 Q. So, did you tell him that he needed to renew the
 10 corporation?
 11 A. When he told me that the corporation was
 12 expiring I thought that it was a good idea to renew it and
 13 I did all the work to take care of it. He had to sign the
 14 form but I paid the fees and filled out the form.
 15 Q. Okay.
 16 A. Actually, I renewed it online so I needed from
 17 him -- I gave him the form, I sent him the form and he
 18 filled it out and sent it back to me, because there were
 19 questions about who was the president, who was the
 20 treasurer, that sort of thing, and then I filled it out
 21 online for him.
 22 Q. Before you made this -- eventually all this
 23 nearly \$14,000 was paid off. Do you think it was April or
 24 May, I think you said?
 25 A. Well, in looking at this letter it was in April.

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1 A. No. As I explained to you, what I was doing was
 2 if I earned a fee from John Smith I would take \$150 of
 3 John Smith's fee and send it to City Bank.
 4 Q. And those records are the ones that you have in
 5 your computer but you just haven't sent them in yet; is
 6 that right?
 7 A. Those records are on my computer, yes.
 8 Q. Is that because you wanted to reconcile them
 9 first?
 10 A. Yes.
 11 Q. Okay.
 12 (Exhibit 7 marked for identification.)
 13 Q. (By Mr. Busby) Do you recognize Exhibit 7?
 14 A. Yeah, this is the letter that you sent me,
 15 right? Yes, sir.
 16 Q. Okay. And attached to it is an earlier letter?
 17 A. Yes.
 18 Q. Okay. This pertains to the investigation
 19 triggered by the trust account overdraft?
 20 A. Yes.
 21 Q. And you understand that that's distinct from the
 22 investigation concerning Protect-A-Cover?
 23 A. Yes.
 24 Q. And on May 19 the audit manager, Ms. Rita
 25 Swanson, requested certain documents from you?

16 (Pages 58 to 61)

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1 A. Correct.
 2 Q. Which have not yet been received?
 3 A. Correct.
 4 Q. And because they have not been received this
 5 letter dated June 25th, 2009 went out?
 6 A. Um-hum.
 7 Q. In which I informed you that we would need to
 8 receive those documents by today or else you would be
 9 subject to what we call a non-cooperation deposition under
 10 ELC 5.3(f). So, have you submitted any of those
 11 documents?
 12 A. This is what we were discussing, what I was
 13 explaining to you earlier. These are the records that I
 14 was working on and found that the bank statements were
 15 unavailable to me.
 16 Q. So you haven't provided any of those. Actually,
 17 if you look at the original May 19 letter on the third
 18 page of this Exhibit No. 7 --
 19 A. Yes.
 20 Q. -- there's a request for bank statements.
 21 A. Yes.
 22 Q. Bank reconciliations.
 23 A. Yes.
 24 Q. Check register, client ledgers, client ledger
 25 reconciliations, and these are for a specific period of

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1 time.
 2 A. Yes, right.
 3 Q. And you say you discovered, what was it, today
 4 that you didn't have bank statements?
 5 A. Yesterday.
 6 Q. And how about those other items?
 7 A. The closing? Are you talking about 6 and 7?
 8 Q. I'm talking about the items listed on, down here
 9 (indicating).
 10 A. I'm unclear as to which items.
 11 Q. Okay. How about the check register for your
 12 trust account?
 13 A. What are you asking me in regards to the check
 14 register?
 15 Q. I'm saying do you have a check register?
 16 A. Yes.
 17 Q. And --
 18 A. In the Versacheck book.
 19 Q. And you haven't provided it because why?
 20 A. Because I wanted to balance it before I sent it
 21 to you.
 22 Q. Did it occur to you that the audit manager might
 23 want to see your check register in the state that it was
 24 actually maintained as opposed to what you might do with
 25 it in the six weeks or so since this letter was sent to

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1 you?
 2 A. I didn't think of it in those terms, no.
 3 Q. Okay. This was May 19 and it is now July 8th.
 4 Okay. The client ledgers, the reason you haven't sent
 5 client ledgers in yet is why?
 6 A. Basically, at this point I was working on the
 7 bank statement issue. I don't have any excuses for you.
 8 Q. Do you have any client ledgers?
 9 A. When you refer to client ledgers you mean the
 10 ledgers we were discussing earlier in regard to
 11 Protect-A-Cover?
 12 Q. No, I'm referring to all the client ledgers for
 13 your trust account for the period specified in this May
 14 19th letter.
 15 A. I have the electronic ledger that we have
 16 discussed before.
 17 Q. And you didn't provide that because why?
 18 A. The same reason.
 19 Q. Because you wanted to reconcile them?
 20 A. Yes.
 21 Q. And then there were a couple of questions posed
 22 to you in Nos. 6 and 7.
 23 A. Regarding the closing, yes.
 24 Q. And Ms. Swanson asked you in Item 6 for a copy
 25 of the closing statement pertaining to a closing that you

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1 mentioned in your letter of May 7, 2009.
 2 A. Yes.
 3 Q. And why didn't you provide that?
 4 A. I wasn't able to lay my hands on it this
 5 morning.
 6 Q. This morning?
 7 A. Yes.
 8 Q. Okay.
 9 A. I started with the bank statements and got
 10 completely sideways at that point.
 11 Q. Let's see, in your May 7 letter I guess you
 12 mentioned that you had transposed digits on the last fee
 13 that you withdrew.
 14 A. Right.
 15 Q. And the --
 16 A. I have one client who I'm handling a number of
 17 matters for.
 18 Q. Yeah.
 19 A. Some are related to a fee, well, related to
 20 fees, and another one was related to a closing, and I had
 21 lumped them all together under the client name. And so I
 22 had completed the closing and in the same month I withdrew
 23 a fee. In the closing I had written a check incorrectly
 24 so that when I withdrew the fee I was off by, I don't
 25 remember, it was somewhere between \$80 and \$100 or

17 (Pages 62 to 65)

DEPOSITION OF JAMES CONLIN

Page 66	Page 68
<p>1 something like that, and so it caused the account to 2 bounce. 3 Q. Okay. Well, unfortunately, we'll probably have 4 to have another deposition concerning the documents that 5 were requested from you May 19th. 6 A. Is it possible to -- I do apologize. As I was 7 explaining, I conflated the two issues together and 8 thought we were dealing under the same subpoena. 9 Q. No, what we're dealing with today under the 10 subpoena is the issues with Mr. Connelly. 11 A. Right. 12 Q. And the only reason I brought up the other 13 matter is because those documents are due today, and I 14 don't know, I wanted to make sure that those were not -- 15 these documents in this letter are not the subject of the 16 subpoena that we're discussing today. 17 A. I understand. 18 Q. They will be subject of a new subpoena because 19 they haven't been provided yet. 20 A. Well, I appreciate that. I'm hopeful that we 21 can, that we can work something out in that regard, and I 22 guess maybe we can go off record and discuss it. 23 Q. I think what I'll do is I'll have to send you an 24 another subpoena and you can get the records. If you can 25 get the records, all the records before the date of the</p>	<p>1 A. We're making progress and this afternoon you'll 2 have further records. 3 Q. We're not making progress quickly enough, I want 4 to make that clear to you, not nearly quickly enough. 5 A. Okay. 6 Q. You have the subpoena. I don't think it should 7 take you very long to provide these records. They are 8 records that you were supposed to maintain under the 9 rules. 10 A. Yes. 11 Q. So I will probably have to send a subpoena to 12 your bank if I don't get these very shortly. 13 A. Okay. Tell me when. 14 Q. Today. 15 A. I can't get you the records today, but I can -- 16 I mean, as far as I can get you the, as I've explained, 17 for the Protect-A-Cover matter I can get the items from... 18 No. 1 by today. The Items 3, 4, 5, 6 and 9 I should be 19 able to deal with today or tomorrow, and then I just have 20 to get the statements for 7 and 8, and I'm hopeful to get 21 that particular issue worked out. 22 I think the biggest issue is going to be 23 the cancelled checks, but I'll be stopping at the bank on 24 my way home to discuss that with them. 25 Q. Okay, I'm hoping that I see them soon.</p>
Page 67	Page 69
<p>1 deposition then we can discuss whether the deposition is 2 necessary, but frankly -- 3 A. Would you be able to waive the fee at that 4 point? 5 Q. I might, but frankly, this is, you know, the 6 delay has been significant here. 7 A. I appreciate that. 8 Q. And I'll really have to get things moving. 9 A. I agree. 10 Q. I should say you need to get things moving. 11 A. I guess if you are willing to waive the fee if I 12 get the records prior to the deposition, then that should 13 be -- I mean, I've got the work started now, so that was 14 the big hurdle for me. As I explained to you on our last 15 phone conversation, this has completely freaked me out. 16 Q. Okay. 17 A. And I've been mostly avoiding it. So, having 18 gotten started -- 19 Q. I guess at this point I really just can't, until 20 I actually see the documents I can't make any promises 21 about what I would do or wouldn't do because I've extended 22 this particular deposition now -- 23 A. Twice. 24 Q. -- twice, two weeks each time, I think, and I've 25 still got nothing. But anyway, that's where we are.</p>	<p>1 A. You'll definitely get something from me today 2 and I will hopefully get enough going that you'll feel a 3 little better about what I'm doing. 4 Q. Okay, let's see, these are original exhibits? 5 A. Those are the originals, yes. 6 Q. All right. Any corrections or clarifications 7 you want to make before we close our record today? 8 A. I do want to reserve the right to review it. 9 Q. Okay. Then thank you for appearing and we are 10 done. 11 A. Okay. 12 ----- 13 (The deposition concluded at 12:57 p.m.) 14 (Seven exhibits were marked.) 15 (Signature was not waived.) 16 ----- 17 18 19 20 21 22 23 24 25</p>

Page 72

I further certify that each witness before examination was by me duly sworn to testify the truth, the whole truth, and nothing but the truth;

Page 73

IN WITNESS WHEREOF, I have hereunto set my
hand and affixed my official seal this 13th day of July,
2009.

(MEK)

Ph: 206-624-6604

EXHIBIT I

Transactions Report
10/1/2008 through 4/17/2009

RECEIVED

Page 1

7/9/2009 5:20:50 AM

JUL 09 2009

Memo WSBA OFFICE OF
DISCIPLINARY COUNSEL

Clr

Date	Account	Number	Description	Category	Amount
10/1/2008	Key		Orlo Willis	Protect A Cover	Buyer's Proceeds 52,370.90
10/3/2008	Key		Empire Business	Protect A Cover	Commission -13,500.00
10/3/2008	Key		City Bank	Protect A Cover	Lien payoff - misdirected -13,986.64
10/3/2008	Key	1386	State of Washington	Protect A Cover	Use Tax -1,610.90
10/3/2008	Key	1387	Protect A Cover, Inc.	Protect A Cover	Seller's proceeds -22,013.36
10/4/2008	Key	1388	James Conlin	Protect A Cover	Protect A Cover fees -1,260.00
10/29/2008	Key	1393	City Bank	Protect A Cover	Account #01169503859 -150.00
11/13/2008	Key	1396	City Bank	Protect A Cover	Account #01169503859 -150.00
11/21/2008	Key		Jason Martinez	Protect A Cover	Payback 13,000.00
11/26/2008	Key		Bad Check	Protect A Cover	Bounced check -13,000.00
12/15/2008	Key	1401	City Bank	Protect A Cover	Account # [REDACTED] -150.00
1/14/2009	Key	1404	City Bank	Protect A Cover	Account # [REDACTED] -150.00
2/13/2009	Key	1408	City Bank	Protect A Cover	Account # [REDACTED] -150.00
3/16/2009	Key	1414	City Bank	Protect A Cover	Account # [REDACTED] -6,000.00
4/3/2009	Key	1417	City Bank	Protect A Cover	Account # [REDACTED] -5,000.00
4/15/2009	Key	1418	City Bank	Protect A Cover	Account # [REDACTED] - final -2,883.81
TOTAL					-14,633.81
TOTAL INFLOWS					65,370.90
TOTAL OUTFLOWS					80,004.71

EXHIBIT

I

tabbles

Transactions Report

Protect A Cover

Date	Account	Number	Payee	Category	Memo	Amount	Balance
10/1/2008	Key Trust		Orlo Willis	Protect A Cover	Buyer's Proceeds	\$ 52,370.90	\$ 52,370.90
10/3/2008	Key Trust		Empire Business Broke	Protect A Cover	Commission	\$(13,500.00)	\$ 38,870.90
10/3/2008	Key Trust		City Bank	Protect A Cover	Lien payoff	\$(13,986.64)	\$ 24,884.26
10/3/2008	Key Trust	1386	State of Washington	Protect A Cover	Use Tax	\$ (1,610.90)	\$ 23,273.36
10/3/2008	Key Trust	1387	Protect A Cover. Inc.	Protect A Cover	Seller's proceeds	\$(22,013.36)	\$ 1,260.00
10/24/2008	Key Trust	1388	James Conlin	Protect A Cover	Protect a Cover fees	\$ (1,260.00)	\$ 0.00
11/13/2008	Key Trust	1396	City Bank	Protect A Cover	Account #0000000000	\$ (150.00)	\$ (300.00)
11/21/2008	Key Trust		Jason Martinez	Protect A Cover	Partial payback	\$ 13,000.00	\$ 12,700.00
11/26/2008	Key Trust		Jason Martinez	Protect A Cover	Bounced check	\$(13,000.00)	\$ (300.00)
12/15/2008	Key Trust	1401	City Bank	Protect A Cover	Account #0000000000	\$ (150.00)	\$ (450.00)
1/14/2009	Key Trust	1404	City Bank	Protect A Cover	Account #0000000000	\$ (150.00)	\$ (600.00)
2/13/2009	Key Trust	1408	City Bank	Protect A Cover	Account #0000000000	\$ (150.00)	\$ (750.00)
3/16/2009	Key Trust	1414	City Bank	Protect A Cover	Account #0000000000	\$ (6,000.00)	\$ (6,750.00)
4/3/2009	Key Trust	1417	City Bank	Protect A Cover	Account #0000000000	\$ (5,000.00)	\$ (11,750.00)
4/15/2009	Key Trust	1418	City Bank	Protect A Cover	Account #0000000000	\$ (2,883.81)	\$ (14,633.81)

EXHIBIT J

LAW OFFICE OF JAMES CONLIN

RECEIVED

1307 NORPOINT WAY NE

TACOMA, WASHINGTON 98422

(206)551-8852 FAX (206)414-0551

JUL 10 2009

WSBA OFFICE OF
DISCIPLINARY COUNSEL

FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
Scott Busby	James Conlin
COMPANY:	DATE:
WSBA	July 10, 2009
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
(206) 727-8325	1
PHONE NUMBER:	RE:
	File No. 09-00378

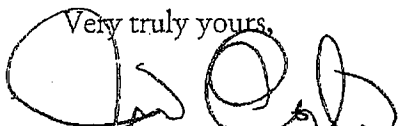
☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Dear Mr. Rusby:

I have continued to work to collect the information you require. I have just located the Protect A Cover file and will have that on your desk by Monday. I have the bank statements from September through April and will be able to forward those as well for receipt by Monday. The check copies are still en route but will be forwarded as soon as I receive them. I appreciate your prior patience with me and ask that you give me just a few more days to have all of your information together.

Very truly yours,


James Conlin

The contents of the enclosed facsimile represent confidential attorney work product. If it is received by someone other than the person to whom it is directed above, said person is instructed to promptly contact the sender at the number listed above and destroy it unread.

EXHIBIT

J

EXHIBIT K



WSBA
OFFICE OF DISCIPLINARY COUNSEL

Scott G. Busby
Disciplinary Counsel

direct line: (206) 733-5998
fax: (206) 727-8325

July 13, 2009

CERTIFIED RETURN RECEIPT NO.
7009 0080 0000 7175 4105

James J. Conlin
1307 Norpoint Way NE
Tacoma, WA 98422-3034

Re: Grievance of Rick Connelly against James J. Conlin
WSBA File No. 09-00378

Dear Mr. Conlin:

On May 20, 2009, you were served with a Subpoena for Deposition and for the Production of Documents. The subpoena commanded you to produce certain documents at a deposition on June 11, 2009. The deposition was rescheduled twice at your request, first to June 24, 2009 and then to July 8, 2009. On July 8, 2009, you came to the deposition, but you did not produce any of the documents described in the subpoena. On July 9, 2009, you faxed me a one page "Transactions Report," but thus far no other documents have been produced.

Under Rule 5.3(e) of the Rules for Enforcement of Lawyer Conduct (ELC), you are required to produce the all documents described in the subpoena. Under ELC 5.3(f), you are hereby notified that your failure to do so within 10 days may result in a deposition under ELC 5.3(f) and may subject you to interim suspension under ELC 7.2. If you are served with a subpoena under ELC 5.3(f)(1), then under ELC 5.3(f)(2) you will be liable for the costs of the deposition, including service of process and attorney fees of \$500. You also should be aware that failing to comply with your duties under the ELC may be grounds for discipline under ELC 5.3(f)(3) and RPC 8.4(l).

Sincerely,

Scott G. Busby
Disciplinary Counsel

cc: Rick Connelly



James J. Conlin
July 13, 2009
Page 2

CERTIFICATE OF SERVICE

I certify that I caused the foregoing letter to be mailed to James J. Conlin, Respondent, at 1307 Norpoint Way NE, Tacoma, WA 98422-3034, by first class mail, postage prepaid, and by certified mail, postage prepaid, on the 13th day of July, 2009.

Scott G. Busby
Scott G. Busby
Disciplinary Counsel

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.		<p>A. Signature <u>[Signature]</u> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>James J. Conlin</u> C. Date of Delivery <u>7-14-09</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>	
1. Article Addressed to: JAMES J. CONLIN 1307 NORPOINT WAYNE TACOMA WA 98422-3034		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
PS Form 3811, February 2004		Domestic Return Receipt 102595-02-M-154	

U.S. Postal Service TM CERTIFIED MAIL TM RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Postmark Here	
7/13/09	
Sent To JAMES J. CONLIN	
Street, Apt. No., or PO Box No. 1307 NORPOINT WAYNE	
City, State, ZIP+4 TACOMA WA 98422-3034	
PS Form 3800, August 2005 See Reverse for Instructions	

EXHIBIT L



RECEIVED

MAR 09 2009

WSBA OFFICE OF
DISCIPLINARY COUNSEL

Key Bank National Association
Custodial Services
OH-01-51-0633
P.O. Box 5998
Cleveland, Ohio 44101-0998

March 2, 2009

Chief Disciplinary Council
Washington State Bar
1325 4th Avenue, Suite 600
Seattle, Washington 98101-2539

Reference: Over Draft Notification

Enclosed are the Key Bank NSF Notice Reports for the Washington Attorney Escrow accounts residing at Key Bank.

Should you have any questions or concerns, please contact us at 1-800-361-4031, option 5, and a trained Service Professional will be able to assist you.

Thank you for choosing Key.

Key Bank Custodial Services

Enclosures: 1



KS0141 CO ID 4731
OFFICER ONE: 47077

ATTORNEYS DISHONORED CHECK REPORT

RUN DATE 02/27/09 PAGE 00001
EFF DATE 02/26/09

ACCOUNT NUMBER ACCOUNT MAILING ADDRESS

CLASS

CURRENT BALANCE

CHECK NUMBER

CHECK AMOUNT

BRANCH NUMBER

NSF

172.04-

1410

1,560.00

00077

LAW OFFICE OF JAMES CONLIN
ATTORNEY ESCROW ACCOUNT / IOLTA
1307 NORPOINT WAY NE
TACOMA WA 98422-3034

INSUFFICIENT FUNDS - LEDGER FUNDS
FCH*FORCE PAY - CHARGE

END OF REPORT KS0141

EXHIBIT M



WSBA

OFFICE OF DISCIPLINARY COUNSEL

Marsha Matsumoto
Senior Disciplinary Counsel

Rita Swanson
Audit Manager
direct line: 206-727-8242

March 16, 2009

REQUEST FOR RESPONSE
TRUST ACCOUNT OVERDRAFT NOTIFICATION
WSBA File No. 09-00424

James J. Conlin
1307 Norpoint Way NE
Tacoma, WA 98422-3034

Dear Mr. Conlin:

Enclosed is a copy of a Trust Account Overdraft Notice received by the Association. We have opened a grievance file against you, with the number indicated above, based on the overdraft notice. This matter has been assigned to me for investigation. Pursuant to Rule 15.4(d) of the Rules for Enforcement of Lawyer Conduct (ELC), please provide a complete explanation of the overdraft. A copy of ELC 15.4 is enclosed for your information. Please provide supporting documentation with your explanation.

This request for a response does not mean that we have made any conclusion regarding this overdraft notice. However, we are required to make this inquiry in order to comply with our responsibilities to the Supreme Court of the State of Washington.

The Rules for Enforcement of Lawyer Conduct govern grievances, including trust account overdrafts. You may want to familiarize yourself with these rules. The enclosed copy of ELC 5.3 states the obligations of a respondent lawyer, including the duty to promptly respond to this request. We would appreciate receiving your written response within two weeks of the date of this letter.

Please direct your response to my attention.

Very Truly Yours,

Rita Swanson
Audit Manager

Enclosures: overdraft notice
ELC 15.4 & 5.3



EXHIBIT N



WSBA

OFFICE OF DISCIPLINARY COUNSEL

Marsha Matsumoto
Senior Disciplinary Counsel

Rita Swanson
Audit Manager
direct line: 206-727-8242

April 24, 2009

CERTIFIED RETURN RECEIPT NO. 7008 0500 0002 0255 3294

James J. Conlin
1307 Norpoint Way NE
Tacoma, WA 98422-3034

Re: Trust Account Overdraft
WSBA File No. 09-00424

Dear Mr. Conlin:

On March 16, 2009, we asked you to provide to our Audit Manager a written response as to the circumstances of the above referenced overdraft. To the best of my knowledge, your response, which is required by Rule 5.3 of the Rules for Enforcement of Lawyer Conduct (ELC), has not been received.

Under ELC 5.3(e), you must file a written response explaining the circumstances of this overdraft within ten days after service of this letter, i.e., on or before May 7, 2009. If we do not receive your response within the ten-day period, we will subpoena you for a deposition. If we must serve a subpoena, you will be liable for the costs of the deposition, including service of process, and attorney fees of \$500. ELC 5.3(f)(2).

You should be aware that failing to respond is, in itself, grounds for discipline and may subject you to interim suspension under ELC 7.2(a)(3).

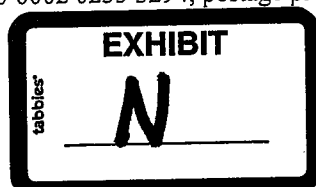
Please direct your response to our Audit Manager, Rita Swanson. If you need an extension of time, please feel free to contact me to discuss the matter.

Sincerely yours,

Marsha Matsumoto
Senior Disciplinary Counsel

Certificate of Service

I certify that I caused a copy of the foregoing 10-day letter dated April 24, 2009 to be mailed to James J. Conlin at 1307 Norpoint Way NE Tacoma, WA 98422-3034, by certified mail number 7008 0500 0002 0255 3294, postage prepaid, on the April 24, 2009.



Marsha Matsumoto
Senior Disciplinary Counsel

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

James J. Conlin
1307 Norpoint Wy NE
TACOMA, WA 98422-3034

2. Article Number

(Transfer from service label)

7008 0500 0002 0255 3294

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature]

☐ Agent

☐ Addressee

B. Received by (Printed Name)

James Conlin

C. Date of Delivery

4/25/09

Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PS Form 3800, August 2006
See Reverse for Instructions

Sent to: *James Conlin*
Street Apt. No.: *1307 Norpoint Way NE*
City, State, ZIP+4: *Tacoma, WA 98422-3034*

Postage	Certified Fee	Return Receipt Fee (Endorsement Required)	Restricted Delivery Fee (Endorsement Required)	Total Postage & Fees
\$				\$

Postmark
Here
4/24

OFFICIAL USE

For delivery information visit our website at www.usps.com

(Domestic Mail Only; No Insurance Coverage Provided)

CERTIFIED MAIL™ RECEIPT

U.S. Postal Service™

7008 0500 0002 0255 3294

EXHIBIT O

LAW OFFICE OF JAMES CONLIN

1307 NORPOINT WAY NE
TACOMA, WASHINGTON 98422
(206)551-8852 FAX (206)414-0551

FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
Marsha Matsumoto	James Conlin
COMPANY:	DATE:
	May 7, 2009
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
(206) 727-8325	2
PHONE NUMBER:	RE:
	WSBA #09-00424

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

RECEIVED

MAY 07 2009

WSBA OFFICE OF
DISCIPLINARY COUNSEL

The contents of the enclosed facsimile represent confidential attorney work product. If it is received by someone other than the person to whom it is directed above, said person is instructed to promptly contact the sender at the number listed above and destroy it unread.

Law Office of

*James Conlin**JC*

May 7, 2009

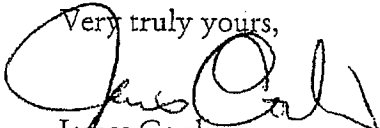
Marsha Matsumoto
WSBA
Via Facsimile #206 727 8325

Re: WSBA #09-00424

Dear Ms. Matsumoto:

I write in regard to the overdraft on my trust account. In short, I was handling two matters for one client. One was a longstanding matter with a retainer paid against which I drew fees. The other was a closing in regard to a sale of my client's property. My trust account is organized by client so that both matters were accounted together. I mistakenly transposed digits on the last fee that I withdrew on the retainer so that when I paid out matters on the closing, the last check was put into overdraft. The fee was withdrawn during the same account cycle as the closing and I was holding earnest money on the closing so that I was unaware of my mistake until I received notice of the overdraft. The bank manager was kind enough to inform me of the problem by phone so that I was able to clear it up that same day. I have since instituted a policy to separate matters by case rather than by client so that I will not make the same mistake

Very truly yours,


James Conlin

EXHIBIT

0

1307 Norpoint Way NE
Tacoma, Washington 98422
Telephone - (206) 551-8852

EXHIBIT P



WSBA
OFFICE OF DISCIPLINARY COUNSEL

Scott G. Busby
Disciplinary Counsel

direct line: (206) 733-5998
fax: (206) 727-8325

June 25, 2009

CERTIFIED RETURN RECEIPT NO.
7009 0080 0000 7175 4150

James J. Conlin
1307 Norpoint Way NE
Tacoma, WA 98422-3034

Re: Grievance of WSBA against James J. Conlin
WSBA File No. 09-00424

Dear Mr. Conlin:

On May 19, 2009, we asked you to provide certain information related to the above referenced grievance. (Please note that this is a different grievance from the one that is the subject of the deposition currently scheduled for July 8, 2009 at 11:00 a.m. at the offices of the Washington State Bar Association.) I have enclosed a copy of the May 19, 2009 letter to you from Audit Manager Rita Swanson. As Ms. Swanson explained to you in a telephone conversation on June 1, 2009, you may provide copies of the documents requested in lieu of originals.

Your response to Ms. Swanson's May 19, 2009 letter, which is required by Rule 5.3(e) of the Rules for Enforcement of Lawyer Conduct (ELC), has not been received. Under ELC 5.3(e), you must provide the requested information within ten days after service of this letter, i.e., on or before July 8, 2009. If we do not receive your response within the ten-day period, we will subpoena you for a deposition. If we must serve a subpoena, you will be liable for the costs of the deposition, including service of process, and attorney fees of \$500. ELC 5.3(f)(2).

You should be aware that failing to respond is, in itself, grounds for discipline and may subject you to interim suspension under ELC 7.2(a)(3).

Sincerely,

Scott G. Busby
Disciplinary Counsel

Enclosure



CERTIFICATE OF SERVICE

I certify that I caused the foregoing letter to be mailed to James J. Conlin, Respondent at 1307 Norpoint Way NE, Tacoma, WA 98422-3034, Certified Mail, Postage Prepaid, on the 25 day of June.

Scott G. Busby

Scott G. Busby
Disciplinary Counsel

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.		<p>A. Signature <u>[Signature]</u> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>James J. Conlin</u> C. Date of Delivery <u>6-26-09</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p> <p>RECEIVED JUN 29 2009</p>	
1. Article Addressed to: JAMES J. CONLIN 1307 NORPOINT WAY NE TACOMA WA 98422-3034		3. Service Type OF <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label) 7009 0080 0000 7175 4150		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15

7009 0080 0000 7175 4150

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage \$	Postmark Here 6/25/09
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	
Sent To JAMES J. CONLIN Street, Apt. No., or PO Box No. 1307 NORPOINT WAY NE City, State, ZIP+4 TACOMA WA 98422-3034	

PS Form 3800, August 2006 See Reverse for Instructions